



FINANCIALTIMES

Wednesday June 4 1980

\*\*\*20p

DNIVERSITY OF JORDAN

Design, Construction & Engineering Service Stratford-upon Avon 4288

GENERAL

New

clash

Labour

on pay

Vetting 'lawful'

Vetting of potential jurors

Foreign Office Minister Douglas

Hurd warned that Britain could expel foreign diplomats who bring in weapons. Back Page

Strike supressed

Israeli troops broke un a strike

on the occupied West Bank

Rebel government

**Bullion** raid

Sabotage talks

South African Cabinet con-

sidered its response to sabotage attacks on two Sasol synthetic fuel plants and an oll refinery amid recriminations over lack

of security. Page 3; Editorial Comment, Page 18

Machine-readable passports, the

size of credit cards, may soon

Washington blast

Explosion badly damaged the

Washington home of Yugo-slavia's Charge d'Affaires Vladimir Sindjelio. He and his

Syrian security forces shot

dead three Moslem extremists

including a man said to have

masterminded a massacre of

Government is planning an

the country's Communist Party

Requiem mass for Sir Alfred

Hitchcock was beld in Westmin-

family escaped unhurt

army cadets last year.

Dead loss

newspaper said.

Briefly . . .

**NHS** watchdog

Moslems killed

Mini passports

isation. Page 8.

flow from trade to and this fate as further help iters so that minimum seed his stocks? 6 per cent; Sag. net £43,9m or ince; thus we so a source of it appears, but appears, but appears, but appears, but ight, because of ying and stocks. nvistila insbury to fine
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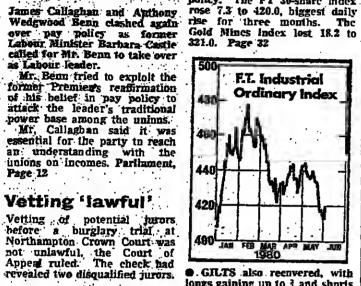
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ster Cathedral: professor of microelectronics. Lex, Back Page

#### BUSINESS

## **Equities** gain 7.3 to 420: golds off

change in the strick munctary rose 7.3 to 420.0, biggest daily rise for three months. The Gold Mines Index lost 18.2 to 321.0. Page 32



. GILTS also recovered, with longs gaining up to 1 and shorts up to 1. The Government Weapons: warning Securities index rose 0.36 to 67:47. Page 32

• STERLING fell sharply in late trading, closing 3.35 cents lower at \$2.3040. Its tradeweighted index fell tn 72.9 (74.2).. DOLLAR was steady, its index remaining unchanged al \$4.2. Page 29.

called in protest at the assassin. • GOLD fell -5.50 an on ation attempts on three London to \$553. Page 29 Palestinian mayors. Back and . GOLD fell -5.50 an onnce lo

. WALL STREET was 0.34 lower at \$47.01 before the close. Page 30 BRAZIL'S current account Rebels on the New Hebrides deficit last year almost doubled island of Espirifu Santo claimed to \$10.47bn (£4.54bn), leaving a they had set up a government \$3.2bn balance of payments with plantation owner Jimmy deficit. Back Page Sievens as chief minister.

Page 4. CANADA'S visible trade

moved Into a C\$7m (£2.6m) deficit in April, the first deficit since Angust 1977, following a Armed raiders seized gold drop in car part exports to the bullioo worth 180,000 from a U.S. Page 5 -

> • RACAL, the defence electronics group which took over Decca, has set up a new group called Racal-Decca to deal with capital goods businesses. Back

> GOVERNMENT has no intention of introducing a "wind-fall tax" on bank profits this year, the Commons was told.

• BRITISH NATIONAL Oil Corporation exploration director Dick Fowle is to jnin London and Scottish Marine Oil-the second top executive to quit the corporation recently. Back Page

be used to speed airport pass-enger flow says the Inter-national Civil Aviation Organ NORWAY is to waive a saloty rule at the Anglo-Norwegian Staffjord oil and gas field which could raise 1981 oil production to 9.5m tonnes, against a 5m

tonnes estimate. Page 2 • UNION leaders of 50,000 hospital clerks and administrators are threatening to join nurses and other staff in resisting a 14 per cent pay rise

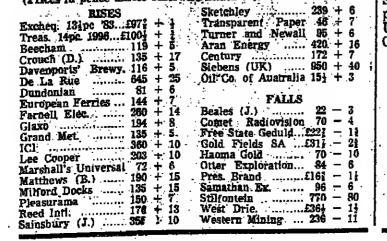
Page 11 BUILDING workers voted for a 50 per cent wage claim for skilled and unskilled grades and a 35-bour week at their delegate cnnference. Page I1

agency to monitor the National COMPANIES Health Service, Social Services
Secretary Patrick announced. • REED INTERNATIONAL paper and publishing group, raised final quarter taxable profits by £4.8m, taking its yearly surplus to £99.9m (£83.4m). Page 20; Lex, Back Too many Chinese are wasting

mone you expensive funerals, Page • DE LA RUE Company, security printer and electronic equipment supplier, raised last year's profits to a record £36.54m, against £26.6m in 1978. Page 21; Lex, Back Page

 HARRISONS AND CROS-Queen will watch today's Derby, FIELD, whose interests include but her horse Dukedom has been. plantations and chemicals. inwithdrawn, Today's racing, P.16. creased 1979 taxable profits by Dr. John Mayor of Edinburgh £6m to £58.38m on a turnover University will be Britain's first of £639m (£546m). Page 20;

#### CHIEF PRICE CHANGES YESTERDAY (Pzices in pence unless otherwise indicated)



Thatcher hint on interest rates hits pound

## Ministers rule out early cut in MLR after sterling falls

inflation prospects.

earlier in the day.

day at \$2.3040. The sterling trade-weighted index, measuring

its average value against other

currencies, dropped from 74.2

UK interest rates relative to returns abroad,

mons show how sensitive Mrs. Thatcher and other senior

Ministers have become to grow-

and politicians for a relaxation

in the severity of the monetary

The exchanges in the Com-

Tbese movements highlight

BY RICHARD EVANS AND PETER RIDDELL

CONTINENTAR SELLING PRICES: AUSTRIA Sch 15; BELGIUM Fr 28; DENMARK Kr 5.00; FRANCE Fr 4; GERMANY DM 2.0; ITALY L 700; NETHERLANDS FI 2.0; NORWAY Kr 5.00; PORTUGAL Esc 35; SPAIN Ptm 70;

STERLING FELL by more than mainly depend on the strength cents in less than half-an-hour vesterday after an indication by the Prime Minister that the Government intended to use the reduction in Britain's net contribution to the EEC hudget in an attempt to reduce interest

Mrs. Thatcher gave nn indica-tion of the timing of a cut in minimum lending rate. Because of a reference to a meeting with Sir Geoffrey Howe, the Chancellor, earlier in the day some MPs believed a reduction might be imminent.

This interpretation was very rmly rejected later by Minisers and Whitehall officials, who were clearly emharrassed by the political and market response to the Prime Minister's remarks,

It was immediately stressed that there had been no change in the present cautious official view about cutting MLR. The short-term links between the reduction in the EEC

budget contribution, the consequent fall in public-sector horrowing, and any fall in interest rates are Indirect. though the EEC deal should help over the longer term, The MLR decision will

servative MPs the Prime Min- Continued on Back Page Parliament Page 12 Editorial comment Page 18

squeeze.

STERLING of bank borrowing and on The Prime Minister's remarks £against had a dramatic impact on sterling, which had been firm The rate against the dollar slipped by well over 4 cents to a low of \$2.2880. The decline may have been accentuated by Trade-weighted\_ index (o.e. 71-1001 the coincidental appearance of The pound rallied later, without any significant intervention to close 31 cents down on the

ister described high interest not only the volatility of sterl-ing, but also its sensitivity to actual and expected levels of problems we have at the moment."

She revealed that it was issues involving the plight of manufacturing industry which she had discussed earlier with the Chancellor.

Mrs. Thatcher confirmed that in her view it was "absolutely vital" that the rebates resulting ing pressures from industrialists from the cut in the EEC contribution should gn to "reducing Under questioning from Conthe public-sector borrowing re-

## U.S. railway companies agree to \$2bn merger

BY IAN HARGREAVES IN NEW YORK

differences and merge in a deal which would be worth over \$2bn (£855.6m) transfers.

between Norfolk and Western under a voting procedure not and Southern Railways follows so far revealed. Significantly, several proposed hook-ups in the heads of both Norfolk and the system, which seem likely to concentrate control of the nation's sprawling railway network in the bands of five take companies by the mid-1980s.

Norfolk and Western, pri- procedure, marily a Mid-West operator, Last ye with a corthern connection to Western earned \$199m on sales Montreal in Canada, is seeking o combine with the strength the south-east of the Washington DC-based Southern. Southern's track connects Norfolk, Virginia with Memphis Tennessee, New Orleans and

Palatka, Florida, The two railways examined the possibility of a merger for agreement over who should some consider to have more

TWO nf the largest railway head the new company and in potential because of its strength companies in the U.S. have effect over who was taking over in the nation's primary coal decided to settle their whom.

producing region — would get

This time, a determinedly equitable formula is proposed, in stock whereby each company would supply eight directors to the board and elect a chairman Southern will bave retired before the merger takes place. deal is expected to three years to clear Government's vetting the

of \$1.45hn. Southern earned \$161m on sales of \$1.47bn.

involve creating a new company which would acquire the two railways through a share swap. Shareholders of Southern, which has a reputation of high profits and excellent manage-ment, would get 1.9 sbares for one share of the new company

for each Norfolk share. The merger is clearly response to other mergers in the system. Union Pacific is proposing to bead a new company taking in Missouri Pacific and Western Pacific, Santa Fe Industries is seeking to join with Southern Pacific, Burlington Northern with the St. Louis-San Francisco Railway and Chessie System with Scabord Coast Lines.

Before those groups are formed, however, the deals will be subjected to lengthy scrutiny. merce Commission, its membership liberalised during the Carter administration, has Carter administration, has encouraged end to end railway mergers, it will be under great pressure from local and national political and industrial interests seven months last year, but each Southern share. Norfolk to ensure that the new railway talks broke driwn amid dis-shareholders — whose company companies do not acquire

## £4,000 for ex-civil servant

BY MARTIN DICKSON, ENERGY CORRESPONDENT

is to make an ex gratia pay- the Department, to the Comment of £4,000 to a former under-Secretary after incorrectly stating that a man of his rank had been marked and his rank had been marked and his passions and his rank had been marked and his passions and his passions are passions and passions are passions are passions are passions as a passion and passions are passi rank had been reprimanded over the wrongful operation of an offshore grants scheme.

The money will go to Mr. Alan Blackshaw, who resigned from the Department for personal reasons last August and now works as a consultant for the National Coal Board.

The payment follows evidence

Department had wrongly offered grants worth £44.1m to the North Sea supply industry through the Government's interest relief grants scheme. The scheme was started in 1978 to reduce the cost of credit needed by UK companies offsbore supplying the Industry.

given by Sir Jack Rampton, those reprimanded had been an grant scheme.

THE DEPARTMENT of Evergy Permanent Under-Secretary at Under-Secretary but the department later admitted this was incorrect.

Mr. David Howell, Energy Minister, told the Commons in had already received an apology for distress caused to him and hia family. Mr. Howell also stressed—as

the Department had earlier .done-that Mr. Blackshaw had resigned from the department for personal reasons wholly unconnected with the adminis-Sir Jack said that among tration of the interest retief

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For latest Share Index phone 01-246 8026

## Deal still worries Bonn

BY JONATHAN CARR IN BONN

THE WEST GERMAN Cabinet is due to decide today whether to accept the EEC's proposed solution of the British budget problem, amid a rising chorus of criticism over the agricultural part of the package.

While Ministers appear likely to approve the extra spending involved for Bonn in the deal there is bound to be barsh comment-in particular over the farm price aspect-before

Supporting the firm stand already taken by Herr Hans Matthnefer, the Finance Minister, Herr Willy Brandt, Social Democratic Party chairman, described the Common Agricul-tural policy as "nonsense, tural policy as balderdash and folly.

Herr Brandt said he was not satisfied with the announcement that the EEC Commission would eventually he making new reform oroposals. He had heard such statements hefore and nothing had come of them. Now was the time to apply strong

pressure for reform. The West German Consumers' Association warned that the 5 per cent farm price Increase agreed in Brussels would cost Germans alone about DM 3bn (£720m) more a year.

The association warned that the Brussels decision meant "higher prices, higher sur-pluses, higher costs and more protectionism." If the proper conclusions were not drawn, the EEC would bead inevitably to its next, and even more serious,

agricultural crisis.
Chancellor Helmut Schmldt has firmly supported Herr Matt-hoefer's view that Bonn's bill for the Brussels accord must nnt be financed by more state borrowing. But be also said the German Cabinet would be building its discussions in the spirit of responsibility towards Europe—a strong hint that Bonn would not finally block an accord already accepted by the other EEC member states.

will he the leaders of the Government coalition parties in Parliament, and party finance experts. Herr Schmidt's Social Democrats have already said that the Federal States-Laender-must bear part of the cost of the deal as well as the Federal Government.

There are clear signs of anger at the way in which the Brussels negotiations were bandled by Herr Klaus von Dobnanyi, Minister of State in the German Foreign Ministry.

## Exchange rate warning by Vickers chief

SWEDEN Kr 5.00; SWITZERLAND Fr 2.0; EIRE 20p; MALTA 20c

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

chairman of Vickers.

At another major engineering company, Perkins Engines, the combination of these factors plus the economic recession in the U.S. led yesterday to the announcement that a short working week will have to be introduced at Peterborougb.

Sir Pcter. introducing Vickers' annual report and accounts, gave a warning that if the present economic climate persists, it wil have grav eeffects on the engineering industry.
He said that Vickers bad done reasonably well in the first quarter of this year, but signs

were becoming apparent that order books would not hold up. "We must became more productive and slim down but there is a limit to hnw much we can do this." In his report, Sir Peter says:

"Industry is not infinitely elastic. As a business shrinks it reaches a point from which recovery is either not possible or extremely slow. Many companies are forced to devote all their attention to the immediate impact of today's orders, casb flow and profits.
"It is bard to recall a time

when planning ahead for even two or three years bas been so uncertain."

Perkins said yesterday that it is "battling against fierce competitive pressures resulting from UK Inflation, the strength of the pound and high interest

engineering industry of a contractor sales in the U.S., which tinuation of high interest rates, are an important collection the present exchange and the present exchange are an important collection. the present exchange rate and high inflation were spelled out yesterday by Sir Peter Matthews, will be going onto a short workwill be going onto a short work-

The big fall-off in the agri-cultural equipment market in the U.S. led recently to International Harvester cutting back production at its Doncaster plont, which sends smaller tractors to the U.S. The workforce has been put on three and four-day working weeks.

Last week, Massey Ferguson, the U.S. owners of Perkins, announced that it will be closing its North American plants for three montha this summer instead of the usual one-month stoppage.

Perkins is one of the largest diesel engine manufacturers in the world with sales last year totalling £348m. Many of its engines are supplied to Masse. America. But sales to other manufacturers of agricultural and industrial equipment, and to automotive truck manufacturers, are also being affected by the recession. Perkins said yesterday that although some contraction in demand bad been expected this year, the speed and severity of the fall-off of tractor sales in particular had taken the company by surprise.

The diesel engine market is highly competitive worldwide. In recent months, it has been apparent that Perkins has been finding it difficult to maintain competitive prices, particularly In certain European markets. Little canse for optimism at Perkins, Page 8

## **Post Office engineers** vote for 37% claim

BY NICK GARNETT, LABOUR STAFF

Union agreed at its annual con-ference in Blackpool to start Industrial action on August 4 unless the claim is settled by the end of next month.

lts engineers.

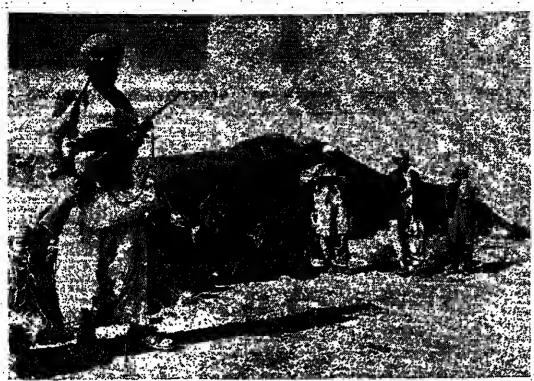
Another decision, taken in defiance of the union executive, was to hoist the claim from the original 27 per cent. Settlement is due on July 1.

tions appeared yesterday to be make industrial action almost heading for a damaging dispute certain. The union's national over a 37 per cent pay claim by officials are virtually resigned in The Post Office Engineers'

fight, possibly prolonged. Management has made an Continued on Sack Page

£ in New York June 2 -





Afghan tribesmen stand before their black tents armed with captured automatic rifles.

## Britain backs Helsinki follow-up

East and West Europe should meet in Madrid in November to review implementation of the Helsinki Final Act, writes David Tonge.

This was said last night in Paris by Mr. Douglas Hurd, Minister of State et the Foreign Office, in a speech to the parliamentary assembly of the West European Union. Mr. Hurd said that by invading Afghanistan, the Soviet Union had broken all the principles in the "first basket" of the Helsinki accord. But he hoped that, after examining past per-formance, it would be possible to keep the Helsinki

CITROËN **♠** CX

process going. He suggested that new confidence building measures could be considered, but described the proposals made by the Warsaw Pact two whole series of weil-worn propaganda proposals," 22 "not the way forward." WITH AFGHANISTAN far Muslim world, of the Soviet return for troop withdrawals flurry of "peace feelers," he has from pacified, but at least backed government of Mr. because the U.S. might not be little prospect of achieving more firmly under Soviet control, Babrak Karmal. able to restrain all the elements than M. Giscard d'Estaing in firmly under Soviet control, Babrak Karmal.

to the effect that Soviet troops new. can be withdrawn when "out- By

side interference" in Afghanis, the Soviet authorities mean the Afghan rebellion but they also tan is brought to an end.

M. Valery Giscard d'Estaing,
the French President, met Mr. Leonid Brezhnev, the Soviet President, in Warsaw in an avowed effort to "keep the lines of communication open."

Herr Helmut Schmidt, the West German Chancellor, is to go to Moscow later this month where the Kremlin may try to per-suade him to sign a new West German-Soviet 25-year economic The number of Soviet troops

Afghanistan has levelled off et 80,000, with another 25,000 side interference," they are stationed across the horder. Is looking for an end to foreign an agreement on Soviet troop support for the rebels and the et 80,000, with another 25,000 stationed across the horder. Is withdrawals at all likely? If precedent is any guide it is far whose purpose is to undermine of Occidental Petroleum and a support in Western Europe for major supporter of U.S.-Soviet economic sanctions against the trade, that the Soviet Union Soviet Union and prepare the would not insist on U.S. Soviet Union and prepare the ground for the eventual recognition, particularly in the

the conflict has entered a new Soviet official spokesmen are stage which, borrowing a phrase from 40 years ago, might best be described as the "phoney war."

A bewildering series of proposals, suggestions and "hints" thought best be neglected as the posals, suggestions and "hints" the first and the impression of the have been put about by the tion to create the impression Soviet and Afghan governments that they are offering something

By "outside inteference,"

unrealistic because Iran and Pakistan not only have interest in helping suppress the

If precedent is any guide, the West is witnessing a careful campaign to undermine European support for economic sanctions against the Soviet Union and to prepare the ground for the eventual recognition of the Moscow-backed Karmal government.

rebellion : among against Soviet occupation. When they speak of an end to country recognises. The most recent reformula-tion was the Afghan proposal on

complete collapse of the revolt.

Mr. Brezhnev himself more likely that the West is suggested this when he told Mr. witnessing a careful campaign Armand Hammer, the president would not insist on U.S. guarantees of an end to all outside interference" in

want no part of the Karmal

May 14 which combined the invitation to Iran and Pakistan with the Soviet offer to withdraw troops in return for U.S. guarantees of an end to "outside

Herr Schmidt is now expected to arrive in Moscow on June 30 for the first visit of a Western all leader to Moscow since the in Afghan invasion but despite the

attacked Russians buy time with peace offers changing the Russian position

the same and a controller was a root

The Soviet leaders are often regarded as heavy-handed but they are frequently shrewd enough to outmanoeuvre their Western counterparts. The Soviet authorities realise that West European husinessmen have no desire to make

economic sacrifices to deter tuture Afghanistans and the peace offensive is intended to reinforce this reluctance. In fact, the peace offensive is not likely to be followed by real peace but rather by e rapid doubling or trebling of Soviet troops. The war is going badly for the Russians in Afghanistan and military observers believe that it may take up to a quarter of a million men to begin to pacify the country. This prospect might be daunting for a democratic country hat the

political authority is ideological and hased on an understanding of the supposed fron laws of history. The Soviet Union cannot forsake the "Afghan revolution" after having committed their troops and prestige to it without undermining their own authority as well.

Soviet Union is different. Soviet

Arbed mergers

By Giles Merritt in Brussels THE EUROPEAN Commission has announced it is permitting two different mergers involving arms of the big Luxembourg steelmaker, Arbed.

approved

The authorisation, under Article 66 of the Treaty of Paris that set up the European Coal and Steel Community, concerns two deads under which Arbed is aiming to rationalise

ancillary operations. Under the first, Arbed i merging its maintenance and transport activities with West German interests. The Luxembourg steekmaker will hold a 50 per cent stake in a new company aimed at developing transhipment and open cast mining operations, and the remaining 50 per cent will be held by Otto Wolff, of Cologne. -The--second - deal -concerns Arbed's nut and bolt produc-ing units, which are being merged with another West German concern, Bauer and Schaurte of Neuss,

Both agreements have been notified to and cleared by the Brussels Commission in order to ensure that they do not create groupings that could evade the EEC competition

## over Spain entry talks THE SPANISH Minister for

European . Affairs, ... Leopoldo Calvo Sotelo, has acused the EEC of dragging its heels in the negotiation of Spain's entry to the Commonity. The accusation was made on Monday during a two-day closed door debate in Brussels between members of the European and Spanish

**Community** 

This is the first time that Spain has reveled its concern at a slowdown; in the page of negotiations. Although the meeting was closed, the Madrid Press yesterday published detailed reports giving.

prominence to St. Calvo Sotelo's speech said that although Spain still adhered to the European idel, it was being eroded by the EECs tough posture and the attletides of some European an indirect

tough posture and the autitudes of some European political parties—an indirect reference to the French directly disagreed with points made by the vice Commission. Sr. Lorenzo president of the European Natola, who said that the transition time for agriculture transition time for agriculture should be 7-10 years and the introduction of VAT should have immediate effect.

Calvo Sotelo added: "For several months the internal problems of the Community have delayed decisions on such important matters as agriculture fishing and the

budget." Spain now regarded the Community's problems as also its own, it was willing to show understanding But, he added: We have also had our own internal problems, which have been just as big, and this has not prevented us from maintaining the necessary pace for negotiations.". would be illusory to pretend that, in the future, there would be a time when the Community had no internal

problems, he said.



Sr. Calvo Sotelo: accus EEC of dragging its feet over

## Norway drops safety rule to boost Statfjord output

BY FAY GJESTER IN OSLO

NORWAY IS waiving a safety rently undergoing inspection in rule which has held down proport by Dt norske Veritas: duction from the giant Anglo-Norwegian Statistics off and gas field. As a result, oil output from the field is likely to be about 9.5m tonnes next year,

against an estimated 5m tonnes.
The rule being waived banned Mobil, the operator company from drilling production wells through a platform shaft which was being used simultaneously for production.

No gas has yet been produced from the field and is to he re-injected until a pipeline has been laid to take it ashore. So far, the Oslo Government has not even decided where it wants the line to go.

Two conditions are ettached

to the Government's concession over the safety rule: a mobile botel platform must be stationed beside the production platform, linked to it by a gangway, and the re-injection of field's gas must have started. The gas re-injection system is expected to be functioning within about a week, and the

hotel platform cur-

will be back on site by midpany will be able to start drilling and production through the same shaft, thus almost doubling output.
Meanwhile, the Norwegian Government has asked Parliament to approve the allocation of additional funds to finance

offshore Safety training this year. The request, tabled at the weekend, proposes that an extra NKr 8.7m (£765,000) should be provided this year. Most of the money, which will come on top of an extra NKr 16.5m approved recently. he used to expand facilities or safety training at navy and merchant navy schools. Some NKr 1.2m of it will fund

FINANCIAL TIMES, published daily succept Sundays and holidays. U.S. subscription rates \$365.00 per sanum. Second Class postage paid at New York, N.Y., and at additional meiling contras.

a group which will study the oportunities for safety training in Norway and abroad.



Major The Earl of Ancaster, KCVO, TD., Midland Bank Limited, 60 West Smithfield London ECIA 9DX.

British Limbless Ex-Service Men's Association

# WE, THE

We come from both world wars We come from Kenya, Malaya, Aden, Cyprus ... and from Ul From keeping the peace no less than from war-we limbless look to

you for help.

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eniate effect otelo edded

on the the inter

of the Comme yed decisions

two countries, according to a atudy of West German The German Institute for Economic Research (DIW) in West Berlin notes that West crossings last year. Germany now makes annual transfers of DM 1.5bn to East Germany under a series of agreements. These include the improvement of West Berlin's

Dr. Helmnt Kohl: left

BY BRIJ KHINDARIA IN GENEVA

which says that such a tax may

The Government has not yet

announced exactly how the tax

would work, but appears deter-

mined to apply it. Fiduciary deposits are accounts held by Swiss hanks on hehalf of

foreigners living outside Swit-

zerland at the customer's risk

and reinvested on his behalf in

foreign money and security

be illegal.

German autohabn to Berlin hy order presents and DM 950m in there are visa charges, minimum currency exchange fees and road-toll charges paid by West Germany and West Berliners, who made some 8.1m border

The institute also notes that The institute also notes that tracting values for the presents another DM 1.6bn is transferred sent to West Germany each privately each year hy West year and spending hy West Germans to their relatives and improvement of West Berlin's friends in East Germany. This institute calculates that Wes and 11.2 per cent of East cent of the West Germany pro-antobahn, rail and barge links includes DM 500m in cash gifts, tern private payments are equal Germany's. In 1978, it was ducts exported to East Germany.

ments for use of the East Germany, DM 150m in mail West Germans. In addition presents sent or carried over the border by Westerners.

The DM 1.6hn is worth an average DM 100 to every East German, or 400 marks in terms of East German prices for the same luxury goods. After sub-

least DM-abn (£720m) annually Germany, as well as lump pay- currency Intershops in East annual retail trade turnover.

The DIW says it has excluded from calculation the direct although intra-German trade has Intra-German trade, with its grown Il per cent annually over many, since it is virtually im-possible to determine the bene-ment in its living standards fits accruing to either side.

Over the past 20 years, the

EAST GERMANY obtains at across East Germany to West which are spent in the hard- to 5 per cent of East Germany's up 1.6 per cent and 8.2 per

The institute points out that DM 850m annual interest free the past 20 years, East Germany "swiog" credit to East Ger. has not derived maximum techfrom West German exports. Nearly half of these continue to he raw materials and pro-

#### importance of this trade to both ducer goods. Plant and equip-German states has declined. In ment for investment make up 1958, it made up 2.4 per cent only 25 per cent and industrial Germans visiting the East, in- of West Germany's foreign trade consumer goods less than 10 per

Herr Strauss's most trusted

They are all members of an

inner circle of about eight people who are felt bound to be

in a Strauss government. A fur-

ther team of about 20 will also

be announced, some of whose

members might also gain a

They include the Prime Min-

ister of Lower Saxony and Baden-Wuerttemberg, Dr Ernst

party lieutenants.

be in the making.

Two British newspapers reported he would resign from the Commission this month to launch a new social demncratic party in Britain. But a statement issued bere on Mr. Jenkins' behalf yesterday said: "It is and always has been his intention to fulfil his fonr year mandale which runs until the begin-ing of January 1981."

Mr. Jenkins' successor will be nominated by a meeting of the heads of government of the European Economic Community in Venice next

On the "Buggins' turn' Laxembourg.

But France, Britain and West Germany could well agree on a more glamarous figure who might well prove to be Italian. Sig. Filippo Maria Pandolfi, Italy's Finance Minister, is being strongly tipped from Rome, hat after a crowning success as chairman at the British budget negotiations, Sig. Emilio Colombo, the Italian Foreign Minister, is seen as a more attractive candidate if he could tear himself away from almost a lifetime's career in

#### **Jenkins** to stay full term in Brussels

By John Wyles in Brussels

AN ORDERLY change at the tup of the European Commission seems assured after a statement yesterday by Mr. Roy Jenkins, the president, that he intends to stay until the end of the year.

Mr. Jenkins' plans have heen the subject of intense speculation in Brussels and London. Since his Dimblehy lecture late last year, in which he called for a new British centre party free of left-wing dugma, Mr. Jenkins and some leading right-wing members of the Labour Party have been closely watched for signs that any new political group might

principle, the job onght to go to a candidate either from Denmark, Ireland or Luxem-bourg, none of which has provided a president, or from Holland or Italy, whose men did not serve the normal fouryear term. Few of the names put forward around Brusels on behalf of the small countries have carried much credibility apart from M. Gaston Thorn, Fnreign Minister and ex-Prime Minister of

Italian government.

## OECD's trade pledge stresses ties with developing countries

BY ROBERT MAUTHNER IN PARIS

MINISTERS REPRESENTING economy. the Wests's main industrialised nations were expected yesterday to adopt a new declaration on trade policy, pledging their governments to avoid restrictive trade measures and to promote the economic development

of poorer countries. The declaration was discussed annual ministerial meeting of the 24-nation Organisation for Economic Co-operation and Development (OECD), the first half of which is attended by Foreign Ministers and the aecond day by Economics

Ministers. The new trade declaration is intended as a guideline for the member countries' trade policies throughout the 1980s. It spells out in greater detail than the old trade pledge member countries' commitments. Unlike its predecessor, it lays particular emphasis on the need to strengthen trade with develop-

their economic prosperity. In this context, the declara-tion stresses the crucial impordeveloping countries and the

Other commitments included In it are to maintain and improve the open and multilateral trading system; to strengthen the role of GATT; to implement fully the commitments made in the last round of multilateral trade pegotiations: to avoid restrictive trade on the first day of the two-day measures, which could have an adverse effect on inflation, productivity and growth; and to avoid policies leading to a distortion of export competition, particularly in the field of export financing. Concern with the problems

which developing countries are facing as the result of spiralling oil prices and the economic slowdown in the industrialised countries, permeated the speeches of all the ministers present

Mr. Warren Christopher, the U.S. Deputy Secretary of State, said developing countries must be helped to adjust to higher ing countries and to pursue oil costs. Energy conservation policies which contribute to and the development of alternative sources of energy must be intensified and the less developed countries (LDC's) must tance of export earnings for be assured that, in spite of lower growth in the industriafavourable effect of high growth lised world. OECD markets in those countries on the world would remain open to them.

#### Gaullists call for more spending on defence

BY DAVID WHITE IN PARIS

THE GAULLIST RPR Party, the ruling French coalition, called yesterday for increased defence spending and a strengthening of the country's strategic nuclear weapon capacity.

M. Jacques Chirac, the party leader, came in response to a document published last month hy the defence committee of the pro-Giscard UDF party. The document indicated a shift towards greater co-operation with from one year to four months the North Atlantic Treaty Organisation and an emphasis tary technical service of 18 to on tactical weapons, including the neutron homh, so as to raise the threshold for the use of

strategic arms.

The RPR said France, which main parliamentary force in the helongs to NATO hut not to its military command structure, should reject the principle of a graduated nuclear response which had been accepted by the alliance. France should raise its defence spending from 3.3 per The demands presented by cent of gross domestic product at present to 4 per cent or even 5 per cent before the eod of the

> The party called for changes in the national service system, with compulsory service cut and the introduction of volun-24 months. It also proposed voluntary national service for women and a hig civil defence

## No place for Kohl in a Strauss Cabinet

BY JONATHAN CARR IN BONN

THE LEADER of the West German Christian Democrat (CDU) opposition party, Dr. Helmut Kohl, will not have a Cabinet post if Herr Franz Josef Strauss becomes Chancellor later this

This has emerged in advance of the official announcement of Friday of the opposition team which will help Herr Strauss my to unseat the Government in this October's general election. It had been widely assumed

that Dr Kohl, as chairman and as candidate for the chancellorship in the 1976 election, would play a major role in a Strauss

"the Government's intention to

apply a withholding tax on fiduciary deposits."

withholding tax is that the

customers should be resident

in Switzerland. Its application

to fiduciary accounts would he

irregular, the association says,

because Swiss banks act only

as intermediaries. The account

owners could not claim

reimbursement of the tax

because not all countries had

principle underlying

· However, it is understood that

**Proposed Swiss tax may** 

SWISS Government plans to "politically motivated." The

impose a 5 per cent tax one association's administrative interest paid on fiduciary bank council has unanimously deposits are heing opposed by opposed any new tax on bank the Swiss bankers association, customers and, in particular,

The bankers association double taxation agreements with describes the proposed tax as Switzerland.

be illegal, bankers say

if the CDU and Herr Strauss's .Herr Strauss. He would prob- wing of the party, and Dr. (CSU) win the election Dr. Kobl will stay on as leader of the CDU-CSU parliamentary group, not enter the Cabinet. Whether Herr Strauss does

not want Dr. Kohl in the Government or whether Dr. Kohl does not want to be a member of it is not clear. The two are old rivals, although in Strauss's ability to attract sup-public they are seeking to pre- port has ben held to dimioish sent a united front in the battle defeat Chancellor Helmut Schmidt's coalltion.

In a further surprise, Dr. Gerhard Stoltenberg, a vice chairman of the CDU and Prime Minister of Schleswig Holstein. is likely to agree to serve with

BY DAVID TONGE

into problems.

between Gihraltar and Spain

has been delayed. Talks between London and Madrid

to end the 11-year-old Spanish

hlockade of the Rock were to

have been completed by Sun-

day. But the talks have run

The opening of the frontier

was agreed by the British and

Spanish Foreign Ministers io

of Gibraltar, and Spain was to

the resolve of the Gihraltarians

Bavarian Christian Social Union ally be Vice Chencallor in a Friedrich Zimmermann, one of CDU-CSU Cabinet.
Until now Dr. Stoltenherg has

indicated a desire to concentrate on politics in his home state. His readiness to change is widely seen as a boost to Herr Strauss, since it may help win more north German votes for the CDU-CSU. So far Herr the further he travels from his native Bavaria.

Other potential Cabinet members expeted to be announced Albrecht and Herr Lothar on Friday include Herr Alfred Spaeth. Their presence is in-Dregger, see nas well to the tended to underline to the elecright of the CDU. Herr Walther torale the hreadth of experience Leisler Riep, on the liberal on offer.

Gibraltar talks run into trouble

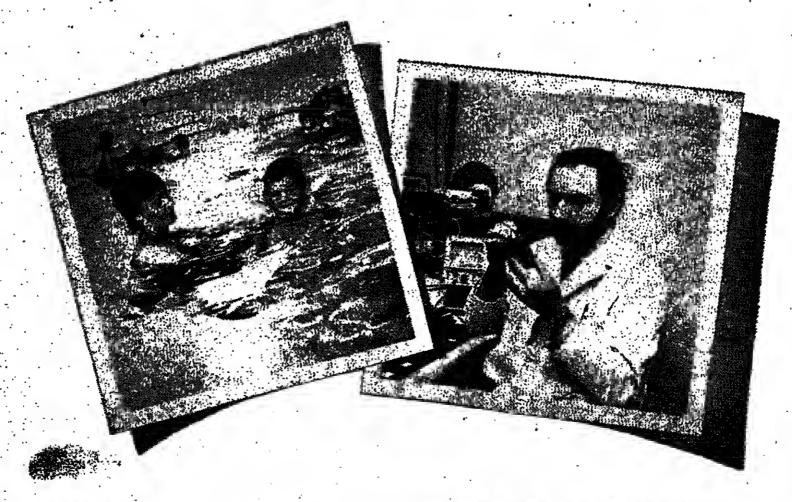
Secretary, has since made it has some power to enforce a clear that Britain is committed solution on that hasis. never to allow the people of A further meeting hetween Gihraltar to pass under the Lord Carrington and his sovereignty of another state Spanish counterpart, Sr. Margainst their wishes. celino Oreja, was tentatively Despite urging from Britain, scheduled to follow the comthe Spaoish have yet to completion of preparations to carry pfete preparations for opening out the Lishon agreement. It the horder. In part, this now appears to have been post-

of Sr. Adolfo Suarez has to appears only to have stiffened parliamentary survival.

The opening of the border to maintain their independence before Spain can be accepted rom Spain. into the European Economic Lord Carrington, the Foreign Community and Britain clearly

Lishon on April 10 as one part reflects the lack of domestic poned. At the same time there of a trade-off. Britain was to clout of the Spanish Foreign is dispute over the meaning of open negotiations on the future Ministry. But the Government some phrases in the agreement, as well as over various pracsuspend the restrictions it had tread carefully on this emotive tical problems, not least imposed on border crossings national issue at a time when whether Spaniards must carry imposed on border crossings national issue at a time when whether Spaniards must carry and maritime links. But this it has had to fight for its passports when they visit a territory ceded to Britain by the But the issue must be solved Treaty of Utrecht of 1713.

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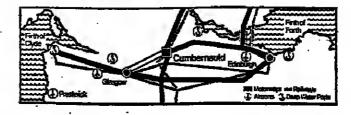
entural and social activity you can think of; more sports than

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## whites angered by lax security

BY QUENTIN PEEL IN JOHANNESBURG

SOUTH AFRICA'S Cabinet met yesterday to consider its res-ponse to the sabotage of two Sasol synthetic fuel plants and an oil refinery, amid widespread recrimination about lack of security at strategic industrial

With police still searching for leads on the black guerrilla groups which undertook the three attacks, the only govern-ment response so far has been to relterate its warning of retaliation against neighbouring which assist guerrillas.

Meanwhile a white university lecturer was yesterday found guilty on five charges of econo-mic espionage. He will be sentenced on Friday.

The sahotage, which destroyed fuel and storage tanks valued at some R5.8m (£3.2m) was greeted by sharply differ-ing reactions. Whereas the general white reaction has been one of shock and anger, many hlacks, especially in urban areas, welcomed the attacks, or at least bad no strong feelings

The largest circulation black newspaper, Post, was unable to quote reactions to the raids without contravening the Terrorism Act, a senior journalist said. The Act outlaws any public expression of support for actions against the South

However, Chief Gatsha Buthelezi, Chief Minister of the Kwazulu homeland and leader of Inkatha, the largest legal black organisation, called for the creation of black vigilante groups which would shoot to kill to protect buildings.

There was widespread criticism in white newspapers of the apparent lack of security at tha oil installations. "Terrorism has now started here on a serious scale," Die Transvaler, the leading National Party newspaper in Johannesburg said. The English-language Citizen, called for a merclless response. "The terrorists . . . cannot he fought with kid gloves," it said.

In the Pretoria Supreme Court, Dr. Renfrew Christie, a lecturer at the Cape Town University, was found guilty of five charges of economic and strategic espionage. They included attempting to pass on information about the ground plan of the Koeberg nuclear power station and coal-fired power stations to the hanned African National Congress. The hoycott of schools in

African, coloured (mixed race), and Indian townships, continued to spread yesterday and coloured schools in Namihia were affected for the first time. Black and coloured workers in Cape Town yesterday hoy-cotted huses for the second day running in protest at fare

## Appeal to New Hebrides

BY OUR FOREIGN STAFF

tion in the Pacific islands of the rebels on New Hebrides if there are no signs of reconciliation, Mr. Peter Blaker, the Minister of State at the Foreign Office, told the

House of Commons yesterday. In a statement following his meeting in Paris on Monday number M. Paul Dijond, Mr.

BRITAIN AND France will Blaker said the two countries decide jointly on what further had appealed to the New action to take over the insurrec. Hehrides Governments and Espiritu Santo to reconcile their differences.

Rebels on Espiritu Santo have set up their own government with the local plantation owner In a statement following his Jimmy Stevens as Chief meeting in Paris on Monday Minister, a radio hroadcast night with his French opposite from the island said yesterday. Parliament, Page 12

## South Africa's West Bank blames Israel for bomb attacks

BY DAVID LENNON ON THE ISAELI-OCCUPIED WEST BANK

accused the Israeli Government and secret service of heing explosions on Monday which seriously wounded Mr. Sbaka and the Mayor of Ramallah, another large town on the Israelioccupied West Bank.

Mr. Shaka, who lost both legs in the explosion, told the Financial Times as he lay in murderer," Mr. Shaka said. his hospital bed: "The assassination attempts on me and Karim by Mr. Shaka could be felt all Khalaf of Ramallah are a conalmed at evacuating our land which recently included the Hehron and Halhoul and Hebron's religious leader."

seeing journalists and said he would continue to plead his case for Palestinian independence. Mr. Shaka said that despite the loss of his legs he would never give up. "My will will be much stronger than before."

the hombers and bringing them normally. But every Palestinian to justice, the Mayor quoted an spoken to was seething with responsible for the car-bomb Arab proverb: "A killer will go anger fear and defiance. to the victim's funeral."

> Governor enter his bome on Monday to express regret. accusations that he was the and guerrilla attacks against porarily forgotten.

The determination displayed over the West Bank yesterday. tinuation of the Israeli policy A three-day commercial strike the attacks on the mayors, but the early days of the occupadeportation of the Mayors of within a couple of bours tion. But Palestinian resistance yesterday morning all the shops appears to be more determined Despite doctors warnings Israeli troops who broke the before, that he was still not out of locks on some of the stores. Yester danger, Mr. Shaka insisted on One shopkeeper said that solidarit

> hut to resume husiness. He did not, however, appear to he revolutionaries, poor and rich, terribly upset about being came in pilgrimage to the bed-

this left him with no option

THE MAYOR of Nablus, Mr. Asked about the prospect of mality to the scene. Life Men such as Mr. Anwar or not—will not ease the ten-Bassam Shaka, yesterday the Israeli Government finding appeared to be continuing Nusseibeh, a former Jordanian sion. There is batted in the accused the Israeli Government the hombers and bringing them normally. But every Palestinian Defence Minister, and Mr. Hike eyes of West Bank Palestinians

Palestinian resistance to the occupation recently reached a accused by the radical mayors tops. Mr. Shaka's family refused to occupation recently reached a let the West Bank's Military level nnprecedented since the Israells overran the territory in the 1967 war. In recent months came to see their Palestinian not want to be named for fear "My family drove him out with there have been riots, bombings brothers, all animosities tem- of Israeli reprisals accused the Israeli soldiers and settlers

A visibly rattled military government has responded with repression, including expulsion. bouse demolition and curiews was called to protest against on a scale not witnessed since had been forced to open hy and widespread than ever

Yesterday the mood One shopkeeper said that solidarity among Palestinians was palpable. Left-wingers and Right-wingers, monarchists and revolutionaries, poor and rich, forced to deal with customers. sides of Bassam Shaka and The open shops gave a Karim Khalaf, who had a foot deceptive appearance of nor-hiown of when his car exploded.

met al-Masri, a former Speaker as they watch heavily armed of the Jordanian Parliament, Israeli soldiers patrolling the who have in the past been towns and sitting on the roofof being lackeys of King But the anger has other tar-Hussein, looked shocked as they gets. One Palestinian who did

Mr. al-Masri said he no longer felt that the Israeli army was protecting the local population. "Now there is a new army, linked to the Minister of Agriculture, Mr. Ariel Sharon, and to the Government. They come in private cars and civilian clothes . . .

In addition to the conviction that the attacks were carried ont by Israeli extremists, there is a deeply held belief that the Israeli authorities connived at the bombings.

There is no way of telling who responsible. But the fact that the Israelis are held responsible whether

U.S. and European Governments of having adopted the wrong policy towards the Palestinians, a policy which might drive them into the arms of the Russians. "The West is only interested in the Palestinian issue because of oll. If the oil states lose their power you will abandon us," he

Oddly enough it is the conservative mayors in the occupied territories who have begun to resign in protest both at the attacks on their colleagues and what they describe as the iron fist policy of Israel towards the Palestinians. The Mayor of Bethlebem and his city council resigned yesterday, following the lead of the Gaza municipal



authority which quit on Monday. Ultimately it is the split between the radical and conservative Palestinians which affords Israel a faint hope of binding some Palestinians to the limited autonomy plan which it has been discussing with Egypt and the U.S. and which is now seriously bogged

## Extravagance threatens Sri Lanka's prosperity

BY DAVID HOUSEGO IN COLOMBO

Colombo, the main point of con- for electrical appliances and air versation, and indeed of newspaper comment, are the daily cuts which could hlack out almost the whole island this week if the Mensoon is delayed much longer.

Sri Lanka is baving its worst drought in 10 years and 85 per cent of the country's power is hydro-electric. The reservoirs and rivers that are fed from the spectacular high land of the tea estates are running dry. The Sri Lankan government has announced that most state sectors will shut down this week to save power. At the new Export Processing Zone outside Colombo, a much publicised project to attract foreign investment, power has been restricted to between 8 am and 4 pm.

But the power shortage is as much a sign of the tangible prosperity of the country sinca Mr. J. R. Jayawardene's United National Party took power in early 1977 as it is of poor planning in the past. ing countries. Performance is

Demand for power has shot

IN THE midsummer heat of up in part to supply a market conditioners that 'has grown' fast because remittances from workers in the Middle East and increased earnings locally bave pushed up family incomes. Booming construction, trade and tourism are driving up rents and hotel rates in Colombo and the coastal

resorts.

All this follows seven years of virtual stagnation under Mrs. Bandaranaike's left-wing govstrangled by the double hurden of a welfare state well beyond what Sri Lanka could afford and wholesale nationalisation. The turnaround is the more striking in that the Government has pursued an almost textbook strategy for the International Monetary Fund. A hefty de-valuation was followed by the liberalisation of imports and foreign exchange controls and cutting hack of welfare subsidies. Such policies have been resisted by many develop-



Mr. Jayawardene: a textbook strategy

heing monitored under a threeyear borrowing from the IMF's Extended Fund Facility which carries the tonghest of IMF

Mr. Ronnie de Mel t be Finance Minister says that relations with the fund have been

"tough going from time to time." But the advantages are clear. In accelerate unless the government revenue for 1979. It is hoped the last two years, Gross National Product has grown an average of 7 per cent while welfare payments have fallen as a trade deficit trebled last year proportion of GNP from 9 to 5 to \$467m, as the faster growing per cent, releasing resources to expand public investment.

The IMF package has also provided access to concessional aid and grants of \$330m and to commercial lending at favourable terms, a sharp increase in both foreign and domestic private investment and the welcome creation of well over 200,000 jobs in a workforce in which 15 per cent are still unemployed.

Sri Lanka has suffered many of the painful difficulties of an IMF readjustment programme, exacerbated lately by un-expectedly poor trading conditrade and services has produced a new urban elite and disparities have been widened further with a cuthack

public works programme, as through dependires. the IMF insists it should. The economy sucked in imports while higher oil and falling tea prices worsened trade terms by 28 per cent.

The chances of maintaining growth are now threatened by the government's determination to push ahead with large-scale public projects that go far beyond the country's means. : The most showy of these is a

Colombo, and transform thecentre of Colombo with highrise residential and commercial edly poor trading condi-trading to emulate Singapore. The faster growth in President Jayawardenes model. The plans have already been heavily pruned but a new partariats and staff residences

A further \$1.1bn is to be spent

and threatens to far abort of the government's

over the next three years on a hydro-electric and irrigation project on the Maheveli River, The project which is the back-bone of the government's fiveyear plan, on top of the heavy costs of establishing the free trade zone and the urban redevelopment plan can only be financed by a continuing heavy dependence on foreign capital sector. The government's probscheme to create a new administrative capital at Kotte, outside deficit have already pushed

Beyond 1984, the Government foreign aid that has been flowing in to develop the Mahaveli acheme. It would he a sad end to a hrave experiment if the liament huilding, two secre-opportunities that Mr. Jaya in subsidies and the freeing seem likely to go up at Kotte opened out were now sacrificed of prices. Inflation has climber and outlay on the two projects in the pursuit of extravagant to an annual rate of 30 per should be close to \$730m, or not prestige projects.

## Ohira illness encourages rivals

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

ship changes in Japan's ruling. Ohira might have to miss the Mr. Takeo Fukuda. His leader-Liberal Democratic Party has Venice summit of major indus-ship has been challenged on surfaced as a result of the ill- trial countries on June 22 and several occasions in the past ness of the Prime Minister, Mr. 23 Masayoshi Ohira.

bospital at the weekend after will probably not be reprecomplaining of exhaustion. He is suffering from a mild heart there appears to be no prece-ailment and is expected to dent for a head of government remain in hospital for at least to be represented by a stand-in.

but there are doubts about Mr. appear to be taking the line Ohira's ability to play more that attendance at the summit than a nominal role in the will constitute a test of his fitcampaign for Japan's double election to the Upper and Lower Houses of the Diet which got under way on Saturday.

If Mr. Ohira's doctors advise Las

sented at the Summit since Mr. Ohira's rivala for leadership A quick recovery is expected of the Liberal-Democratic Party ness to remain in office.

Mr. Ohira was 70 earlier this ower Houses of the Diet which year and has been president of tunder way on Saturday. his party and Prime Minister Even more concern is felt since late 1978, when he de-

SPECULATION about leader about the possibility that Mr. feated the then party leader, Last month anti-mainstream

factions in the party boycotted a Lower House vote on a motion confidence against the Government, thus allowing the motion to succeed by default. Mr. Ohira dissolved the Diet. and called a general election. Polling day is June 22

Mr. Fukuda and Mr. Yasuhiro Nakasone, both hinted yester-day that they would be ready to step into Mr. Ohira's shoes if health obliged him to step down. But neither man is regarded as a likely candidate for the premiership.

## Warning on bank recycling role

not he expected to play a major Japan would have to devise role in recycling OPEC sur-pluses in the 1980'a as they did following the oil crisis in 1973 and 1974, both hecause of changes in the industry itself and because of deterioration in the economic strength of some of the deficit countries.

Giving this warning on the second day of the Financial Times World Banking Conference in Singapore, Mr. James Greene, president of the American Express International Banking Corporation, said that U.S. hanks were already cutting back their lending to developing countries. At the end of 1975 U.S. banks accounted for 38 per cent of all international lending whereas this was now

down to 28 per cent.
The problem of large OPEC surpluses and the correspond-ing international payments imbalancea were also noted by Mr. Richard Eu Keng Mun, vice chairman of Singapore's United Overseas Bank. However, Mr. Eu took a less pessimistic view than some of his colleagues, saying he believed that oil exporters may choose to invest a greater proportion of their savings directly in the domestic formula! financial markets of the major Western centres, even if they deploy a smaller proportion through Western banks.

But because of the freezing of franian assets by the U.S., the 1980s might see some discreet redistribution of OPEC to other financial centres such as the Asia-Pacific countries.

The creation of a payments mechanism for settlements within the Pacific region was examined by Mr. Tasuku Takagaki, director of the Bank-of Tokyo. He said that a pay-ments system based on a single currency such as the yen was unrealistic. Inevitably, bowever, the yen would increasingly be

INTERNATIONAL hanks can- settlements and reserves, and functioning of the yen as an international currency.

The East Asian region to be the most dynamic area of economic growth anywhere in the world during the 1980s, with the trend towards greater intra-regional economic ties rather than exchanges with the rest of the world," said Mr. A. D. Mosley, executive director of the Hongkong and Shanghai Banking Corporation.

Focusing on the role of China in this expected growth, Mr. Mosley pointed ont that bankers in most large countries were keaping their eyes open for signs of a more forward policy in Chinese acceptance of loans for development and trade. But the fact remains that Peking has so far drawn down only a minute proportion of the credit which could easily be made available to it in Western Europe and the United States,"

Anstralia's interest in the Pacific region was highlighted by Mr. Stuart A. Fowler, general manager of the International Business Bank of New South Wales. Mr. Fowler said that Australia's economic future and security was much more inti-mately tied up with the coun-tries of the Pacific region than it was 25 years ago.

The area was uniquely poised to prosper in the coming decade given its new-found sense of economic purpose.

The part the international banking community could play in Third World economies was examined by Mr. Blas F. Ople, the Philippines Minister of quality of security and collafaral Labour. Mr. Ople said the were vitally important to an international bank, in Asia the various world banking institu-

WORLD BANKING Singapore

FINANCIAL TIMES

CONFERENCE

the Asian Development Bank had cumulatively lenr some \$6,650m to its developing memher countries since 1967, and that the World Bank had supported projects which have created many jobs, suggested that more developed countries may have outgrown "tokenism" as an approach to international relations

In atark contrast to the gloomy prospects for developing nations as a whole, most indus-trialising Asian countries in particular Korea, Taiwan, Singapore and Hong Kong-seem to have little difficulty in balanceof-payments financing, said Dr. Kim Duk Choong, president of the Daewoo Industrial Company of Seonl. The deht service ratios of these countries were relatively low compared to those of other developing countries, be said. In addition, thanks to their remarkable economic growth in recent decades, industrialised Asian countries now enjoyed broad access to the international capital market and bad a first class credit rating in the world financial com-

Dr. Kim called for greater co-operation between these countries and developed industrialised countries,

One instance of the specific

munity.

requirements of Asian countries when it comes to dealing with foreign bankers was given by Mr. Kerry St. Johnstone of the Private Investment Company of Asia (PICA). Mr. St. Johnstone pointed out that while the quality of security and collataral tions may not be expected to ef individuals and countries turn the tide in most develop- were almost as relevant



and the state of t

## Carter nearing oil showdown with Congress

PRESIDENT JIMMY CARTER increase, as the Administration

estinians was a fairt hope

nd the U.S. a

seriously began

Opposition to the import fee, announced as part of the March 14 counter-inflation package, has swelled in Congress. The arguments are that it would put prices up again, and would diminish oil import votume only marginally. The Administration estimates it would cut imports wy 100,000 barrels a day (b/d) immediately and 250,000 b/d within a year. But this is tiny compared with the drop in imports already taking place because of the U.S. economic because of the U.S.

The Government is also import fee, but not to pass it debt ceiling.
on exclusively in the form of a Debt ceiling extensions or 10 cent a gallon petrol tax increases are one of those

is rapidly approaching a show-plans. This "loading" of the down with the U.S. Congress fee nn pelrol-users bas also

down with the U.S. Congress nver his plan for a \$4.62 a barrel energy conservation fee on imported nii. This week should see who will prevail.

The result will thus be known well before the June 22-23 summit meeting in Venice, where the U.S. and the six other with the U.S. and the six other the Democrat leader in where the U.S. and the six other Byrd, the Democrat leader in major Western industrial conn- the Senate, has said that ill-will tries will be promising new towards President Carter en-efforts to reduce oil imports. gendered by the budget dispute will defeat the import fee in the Senate.

> A vote on the oil fee is expected as early as today. If it is defeated. White House officiats say Mr. Carter will veto the action at once, and Congress will have the chance to override the President-it would need a two-thirds majority in each house—by

of the Venice summit or high policy-but that the Senate at appealing against a lower court least intends to tack the oil ruling which acknowledged Mr. fee issue on to an emergency Carter's authority in levy an motion to extend the federal



may spill over

essential housekeeping bills which a Congress likes to use to deter the presidential veto. But Mr. Carter has made it clear he will veto any attempt to block his oil import fee, even if that plunges Government

financing into temporary chaos. However, the "honeymoon' period of last March, when the President and Capitol Hill leaders put on a great show of unity in the anti-inflation battle. now seems to have ended in some recrimination and with possibly serious consequences. Only revenue from the nil

import fee can probably save the 1980-8t budget being pushed into deficit by the inspact of recession. The other threat to a balanced budget next yearsymbol to the world of U.S. determination in bringing its inflation rate down-comes Transport squeeze stunts Mexico's growth

ON A crowded road in Mexico, time an empty lorry returning to the port of Versuruz from Mexico the Mexican economy is pro-City was commandeered jected to grow by 8 per cent in recently by Conasupo, the real terms this year, but the Government's food agency. 10 overburdened railways, clogged carry cereals back to the capital. ports, crowded airlines and The protesting driver was paid

year will be 7m tonnes com- domestic product. pared with 3.7m tonnes last year. Verueruz is the only port high priority to beating what in Mexico with adequate food newspapers call the "transport storage but Conasupo, respon- crisis" and bas allocated £18bn sible for getting food to the or 20 per cent of its "global poor and needy at subsidised plan "expenditure over the next prices, bas not got the transport three years to transport. to move the greatly increased Last year, the border between

As a result fruit and vegetables rot in the fields or on

for his services,

With Pemex, the State oil monopoly, the situation is up wih Mexico-bound freight, equally bad though it shares Part of the problem wa transport priority with Conasupo. Recently a businessman had to deliver a large boiler to Pemex at its oil export terminal at Coatzacoaleos on the Gutf of Mexico. Finding no lorries, he was obliged to cajole a haulage company exclusively contracted to Chnasupo to unload the food from one of its torries and take the boiler. Pemex footed the exorbitant cost.

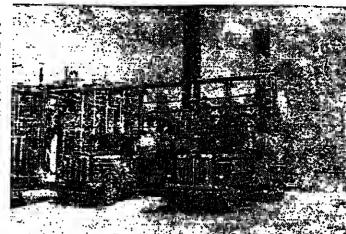
Like a child that has outgrown its clothes, Mexico's economy is chafing within a transport system, which, if not expanded. from the row over that budget's could stunt growth for a tong often wagons cannot be traced.

For the second year running, overloaded lorries cannot cope. In 1978, transport accounted for Mexican food Imports this only 2.5 per cent nf gross

The government bas given

Mexico and Texas became so clogged with railway freight that every siding from Laredo to Oklaboma, a distance of 550 mites, was at one point backed Part of the problem was bureaucratie. Paperwork for freight to cross into Mexico is monstrous and is generally left until the sbipment arrives at the border, where there can be long delays. To clear the sidings the Missouri Pacific Company. which operates the line, had to insist that all senders of cargo had all their papers in nrder before they started.

Most of the railway's 12,500 miles of track is old, gradients miles of track is old, gradients imaginative. But it says its The Mexican Construction boom could transform the are generally steep, engines are labour problem will be eased Company also plans to produce country into an industrialise? unreliable and the rolling stock this year when its pension 3,500 railway freight wagoos nation, but the bottlenecks in is not computerised, so that scheme is taken over by the this year. Last year the number the transport system must first



Lorries loading liquefied sulphur at the Cactus petrochemical

complex in southern Mexico

work force has passed the age employees brought in.

William Chislett reports from Mexico City on plans to revive a neglected sector

A quarter of the railway's can be retired and younger The state rait construction drivers are in their 60s. But company recently signed a Ferrocarrites Nacionales, the State railways company is already paying a pensions bill in Pennsylvania to deliver up of Slbn and must keep them to 100 diesel-electric loco-

government and the older men of wagons in use rose by ass.

electrified. The government's aim is to build only 375 miles of new track between now and the end of the century and to concentrate more on electrify-

ing the busiest routes. The first stretch chosen is 200 miles of track north of Mexico City to Irapueto, a project worth over \$250m. Britain's GEC is competing for

the contract with French and Japanese companies. Yet railways still move only freight, and road haulage companies cannot manage the overspill. They are privately owned but operate on Government-fixed routes, which cannot be shifted quickly to areas

that have special needs. It is an open secret that many routes are controlled by powerful politicians and that competition against their monopolies is not tolerated. Sr. Ruben Figueroa, the Governor of the State of Guerrero, runs Mexico's targest haulage company and his soo, a deputy for on.

The bigh average age has gives Mexico the option to Government's holding company helped make the company produce some of the subbureaucratic, inefficient and unimaginative. But it says its the ruling Institutional Revolu-

## Wall Street keeping close eye on oil fee

BY DAVID LASCELLES IN NEW YORK

fate of the oil import fee closely, of the U.S. determination to do rates. something about its energy

The fee was part of Mr. Carter's March anti-inflation programme. By adding \$4.62 to the cost of a barrel of imported oil, it was designed to raise the price of petrol by 10 cents a gallon, or some 8 per cent

In fact, its impact on the motoring public would be small. Government economics of two will consumption, and even this projection is thought to be contimistic.

The symbolic of this will consumed in the U.S. Is serious about the U.S.

foreign exchange markets where the U.S., now sells for about the high rate of U.S. oil \$1.30 a U.S. gallon (about 70p

WALL STREET is watching the the fee idea. If the fee is now rejected, it would be bad news not so much for its practical for the dollar, which is already effect on oil consumption (which under pressure because of will be small), but as a signal sharply declining U.S. interest

> Domestically, failure to pass the fee would mean Congress bad missed a rare opportunity tn capitalise on public awareness of the acuteness of the energy problem, and the need for painful measures.

strong feeling in business and financial quarters that the U.S. should be going not just for a 10 cents a gallon fee, but

imports is a major influence on an Imperial gallon). The feelthe dollar. Europeans, whose
per capita oil consumption is
considerably lower than that of
the U.S., have strongly favnured

\$\frac{\pmale}{\pmale}\$ 1.30 a U.S. gaiton (about 70p
imports is a major influence on an Imperial gallon). The feeling u.S. gaiton (about 70p
ing u.S. gait

## Canadian visible trade moves into deficit

BY ROBERT GIBBENS IN MONTREAL

moved into deficit in April for March, C\$792m in February, the first time since August, C\$314m in January, C\$576m last 1977 Frances to the U.S. December and C\$705m last 1977. Exports to the U.S., Canada's major market, declined steeply, mainly because of the slump in the U.S. car market. Some North American car models and engines are assembled in Canada for the . engines are whole continental market.

April showed a merchandise from March, while imports rose trade deficit of C\$7m (£2.6m)

CANADA'S VISIBLE trade against surpluses of C3649m in November. The merchandise surpluses belped to offset Canada's traditional deficit on services, including dividends and interest payments abroad. April exports dipped by 3.1

> per cent to an adjusted \$6.16bn by 8 per cent tn \$6.17bn.

## Call for 'banking safety net'

By Stewart Fleming in New Orleans

LEADING international bankers are expressing concern about the increasing risks associated with their rapidly expanding international lending and the steady erosion of the profitablity of much of this business. Mr. Wilfried Guth, managing director of West Germany's

commercial bank, Deutsche Bank, bas recommen-ded that consideration be given to creating a "jointly organised private international safety net," to which individual banks in financial difficulties could resort. He stressed, however, consisting of discussions among loans on their books. perhaps the largest 20 or so international banks.

In a forthright address to the 200 bankers attending the annual International Monetary Conference here in New Orleans, Mr. Guth suggested leading international banks should give some thought to establishing in advance some guiding principles" for bandling such an international financial crisis, since "there will be no time for debating the open questions in a market

Some issues facing international bankers were outlined here by Mr. Guth and other senior executives. Mr. David



questions in a crisis

Rockefeller, chairman of the Chase Manhattan Bank, for example, pointed out that since the end of 1973 international bank loans have riseo from \$320bn to \$1.070bn at the end of 1979, which has transformed international banking. Many that any such arrangement major banks now bave more should be informal, initially international than domestic

It is not just the increasing volume of lending which is causing cozcern, however, but the increased risks. Several elements are cited as contributing to these risks: sudden shifts in government policies which banks cannot influence the recent roller-coaster ride of dollar interest rates for example; another is the growing portion of bank lending to developing countries and the emphasis on

balance-of-payments financing. Mr. Guth predicted that, by 1985, 65 per ceot of funds raised in the Eurocredit market would be to finance maturing debt, describing this as "not a very gratifying prospect.



Heaven knows, a doctor's job is demanding enough without the need for him to cope with the sort of emergency that could divert him from the care of his patients.

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#### Iran steps up Caspian port traffic

By Andrew Whitley in Bangar Enzeli

THE PORT of Bandar Enzeli. the larger of Iran's two commercial ports on its northern Caspian Sea coast, is currently working near its maximum capacity of 350,000 tonnes a

Yesterday seven Soviet vessels were being unloaded along the single quayside, one more than on the previous day, and there was not a spare berth in sight. The ships were the standard, medium-sized vessels which ply the route from the Soviet railhead at

The goods visible on the dockside were giant rolls of paper, in short supply in Iran, and of animal feedstuff.

David Salter adds from Moscow: Iran is to extend its Caspian Sea ports to accommodate growing numbers of Soviet ships in a further bid to defeat the U.S.-led economic boycott, the Soviet news agency Tass reported

In a dispatch from Tehran, Tass said that the decision to expand port facilities was taken at the Soviet-Iranian

Margaret Hughes examines moves to bring export credits into line with market realities

## The increasing burden of interest rate subsidy

THE MUCH publicised suspension of new government backed export credits to Iran and the withdrawal of the extremely favourabla credit terms availble to the Soviet Union has of U.S. demands. The highlighted the crucial role of export credits in international domestic interest rates, was

A side effect of this has been to emphasisa the artificially soft credit terms on which foreign buyers are able to huy capital goods and equipment from the major exporting countries. It was therefore not surprising that the U.S. along with countries with low domestic interest rates managed at last month's OECD meeting to review the international export credit consensus to persuade other exporting countries to agree to a modest increase in

From July 1 the minimum interest rate for fixed rate export credits extanded for over five years to rich and intermediata buyer countries will rise by 0.75 per cent to 8.75 and 8.5 per cent respectively. For poor countries there will be a smaller rise of 0.25 per cent to 7.75 per cent. The same wide uniform rises will be applied two. to credits of two to five years bringing the rate for rich countries up to 8.5 per cent, for intermediate countries to 8 . rates has become a considerable per cent and for poor countries and increasing drain on Govern-

conference on shipping and These increases are in line either directly or by making ports which has just ended with the proposals submitted by np to the banks which provide

the wide differences on the issue, the results fall far short backed by countries with low seeking at the very minimum across the board increases of 2 per cent. But more importantly it wants a major reform of tha whole system so that export credit rates reflect the true cost of finance and thus

rate subsidy. The most that was achieved on this score was an agreement to attempt to reach an accord on a reform of the system. The U.S. is bopeful that such a consensus will be reached by early December with implementation of the first phase likely to be introduced early next year.

eliminate the need for interest

When they were first drawn up in 1976 consensus rates were even theo generous to the buyer compared with market rates. And while export credit rates bave been beld at these same levels domestic rates have rised sharply so that there are now

Export credits now bear little relation to the true cost of financing and maintaining these ments who subsidise these rates

"Coal, gas, nuclear..

the EEC. But although an the finance the difference be Government officials, are now Axel Wallen, head of the credit rate of around 141 per agreement on any increase at all tween the fixed export credit supporting U.S. pressure to do Swedish export credit organisacent for exports sold to rich is a major achievement given rate and market rates. It has away with the interest rate subbeen estimated that this interest sidy altogether rate subsidy is likely to cost OECD countries as much as

over the past two years.

However, officials in Government departments more directly \$30n in the current year having involved in exporting are already absorbed some \$2bn extremely alanmed by such pro-Low inflation countries have level of world trade and the attacked these subsidies because already high unemployment in they allow those with high Britain they argue that this is

President Carter is to raise the whole issue of official export credits at this month's Venice summit, Dr. Harald Malmgren, a former U.S. chief trade negotiator warned yesterday in a lecture to the Trade Policy Research Centre in London. The sent OECD arrangement, he said, contained holes like Swiss cheese. The coverage was limited and the scope for mixed credits wide. Having failed to tighten the rules the U.S. had now embarked on a selective "meat and beat" policy, aimed particularly at the French.

interest rates to compete un-

In the case of the UKrest rates have been subsidised since 1972 when then had fallen well behind market this interest rate subsidy has risen from £116m in 1977-78 to £350m in the latest financial year. If the current level of which seems likely given the Government's recent statements moling out any early out the subsidy will be nearer £500m this year, which would eliminate the savings gained through the recent ending of refinancing. level of the subsidy that the

Britain's competitive position any further. British exporters unusual handicap of a strong currency coupled with high interest rates. These officials like the French and Italians are therefore totally opposed to any

increase in export credit rates But while countries with high interest rates are worried about any increase in export credit rates there is a growing international mood for a more substantial reform of the export credits guidelines. After sharp differences re-emerged at the OECD review meeting at the beginning of last year a study Treasury, along with some other group was set up chaired by Mr.

could be made to reduce sub- of around 101 per cent under sidies and make competition the first alternative. This would reported back earlier this year above the average rate for other with the following three pro- currencies with a consequent posals aimed at making the loss in UK competitiveness. It guidelines this differential between the oriented.

1-A system similar to the resent one with the same minimum Πe. for currencies. This would be the weighted average of the market rates of a number of currencies which would be adjusted every six months in line with market rates. This would be the most attractive proposal to high interest rate countries but the least attractive to those with low interest rates. It would also have the least impact on reducing the subsidies.

-A system of separate minimum rates for each currency, which would be related to the different market rates for medium-, long-term government honds in each currency, and would be adjusted half-yearly in line with market rates. This virtually eliminate interest rate subsidies and is therefore the most popular with the U.S. and low interest rate

Predictably it is the least popular with high interest rate countries. It has been calculated, for instance, that this would give the UK an export

see gradual group obviously put the UK rate well LEADING . market has been estimated that were

> result in a 16 per cent fall in British exports. Were the 3. The third alternative is a variation of the second whereby a ceiling rate would be fixed for currencies with higher than average interest rates above which governments would still be able to subsidise rates. For would be the more attractive version of the differentiated

UK and the average rate of the

order of 2 per cent it would

This alternative is a com promisa solution and may well form the basis of future discussions principle of differentiated rates has been accepted by the main participants. The UK Treasury ia known to have come up with its own variant which would result in a uniform rate for all currencies with rates equal to above average while currencies with rates below average would vary according to their market rates. This variation would give the UK a similar export credit rate as under the first uniform rate system-104 per cent.

## Soviet grain needs boost cargo trade

By Gareth Griffiths

SOVIET GRAIN shipments are expected to play a key rola in the booyancy of the shipping dry cargo market, which should remain strong during the summer.

Matheson Chartering in its markat report for May argues that Russian grain chartering's impact on the markets has been immeasurably increased by the U.S. grain embargo, which has forced the Soviets to go much further afield for their supplies.

The market is still dominated by grains, although coal is providing strong support. Japanese buyers in particular have increased imports of U.S. coal

In contrast to coal, oil trades remain depressed with the number of tankers laid up at the end of May at 98 comrecovery by mid 1980s By Roger Boyes in Bor

Shipbuilders

American and West German shipbullders—arch rivals on the world market-agreed yesterday hat they should be able to master the inter-national shipping crisis by the mid-1980s.

Recovery, speakers stressed at the German shipbuilders annual meeting in Hamhurg, will be gradual not dramatic. It will hinge on the replacement needs of ageing Western flects on the demand from Third World countries for shipbuilding facilities and, in the case of the U.S. on the development of naval ship-

Mr. Edwin Hood, president of the Shipbuilders' Council of America, stressed that in the long term he saw "a modest acceleration in naval shipbuilding to meet the objective of a 550-ship U.S. naval fleet by the mid-1990s."
I see a gradual not a

sharp, increase in merchant ship construction starting in three or four years to accommodate incremental incre in world trade and a rise in by U.S.-flag shipping which is sential to. U.S. national interests." He also believed prospects for ocean mining ships... ocean thermal energy conversion plant ships and coastguard cutters.

All three nations stressed the importance of high value specialist ships which will be the key product line for both the U.S. and Germany until 1983-84. However, Japan, which last year captured a 50 per cent world market in new respet construction, is also relatively confident that it has a good chance in conventional shiphuilding "as long as ships are needed as a means of large volume scaborne transport."

Mr. Shozo Dol. chairman of

Japanese Shipbuilders Policy Committee, stressed the importance of rationalisation in Japanese yards — there ha been a cut of some 40 per cent in building capacity since 1978. This tacitly rejected the view-voiced persistently by other speakers during the conference-that Japan had increased its market share largely because of the weakness of the yen against the dollar and other trading currencies. German shinbuilders have been particularly bitter about this form of price competitiveness which they frequently compare with a type

## Developing nations fear tougher textile controls

BY BRIJ KHINDARIA IN GENEYA

DISMAYED BY the growing possibility that any renewed Multifibre Ararngement (MFA) might place greater controls on their textile and clothing exports, developing countries are increasingly aaying they will allow the MFA to collapse rather than be an unsatisfactory one.

Negotiations to renew the MFA, which governs the world's textile trade, will begin in Geneva towards the end of tha year and announcements by textile indostry associations in the U.S. and EEC have created apprehension bere about the determination Western governments to work for textile trade liberalisation

rather than protection.

Diplomats are closely watching the U.S. Administration's reaction to the American Textile Manufacturers' Manufacturers' Institute's demand that the MFA should be made considerably more

restrictive to protect. U.S. industry. In the past, developing countries have seen the U.S. as an ally in their battles with the EEC, which insisted on obtaining a clause in the 1977 accord departures " for from the MFA's requirement that Third World exports be allowed to grow at an annual rate of at least six

per cent. The "reasonable departure were permitted by Third World negotiators on the understanding that they would be kept to short periods to meet situations of acute distress to industries.

Third World diplomats now note that the U.S. Government might be moving closer to the Community's position, indicating that the "reasonable deparing that the "reasonable depar-tures" might become a per-manent feature.

#### **Buy British** plea from clothiers

By Rhys David

THE CLOTHING Manufacturers' Federation has written number of large UK local authorities urging them to give preference to Britishmade products in the purchase of apparel.

The letter, signed by Mr. . Gerald French, the federa-tion's director, said it cannot be unreasonable for money. raised from the British public, to be spent in this way rather than on imported merchandise, often produced under conditions which would not be tolerated in the UK. Mr. French argues that employment in clothing has declined from more than 550,000 in 1951 to about 300,000, and that this figure is rapidly declining as a result of the pressure of cheap imports. In 1970, he says, imports of all types of men's outerwear were only £29.6m. By last year the

total had reached £319m.
The federation's letter is enother shot in the campaign by the textile and clothing industry against imports, which have been continuing to rise this year

#### Cardin in Israel fashion deal

By L Daniel in Tel Aviv

ESPITE difficult world market conditions, Israeli fashion exports, continue to do ex-tremely well—a fact appre-ciated by overseas designers. Pierre Cardin bas just reentered the Israeli fashion scene by licensing Delta Textiles, mannfacturers of shirts and underwear, to sall Cardin knitwear designs in Israel and the UK. The four-yearold company expects to reach an export volume of \$20m

(£8.5m) this year. Pierre Cardin in the past designed men's suits for the Bagir division of Israel's largest textile combine. Polgat, but that agreement was not renewed two year's ago, reportedly because of dis-agreement over the rate of royalties...

A trade mission represent-ing 24 UK industrial companies interested in selling to Israel, is due here for a week's visit on June 15. This will be the second such group to come to Israel this year. The mission's emphasis will be on technology pased industries, in line with the require-

ments of the Israeli market.

... or a shattering bill for increasingly scarce imported oll when present North Sea oilfields run down. Britain's self-sufficiency from the fields discovered so far cannot last much beyond 1990. If new fields aren't found - and developed — by then, dependence on costly imports is a certainty.

What about substitute fuels? They will, help, of course, but only up to a point. Coal, for instance, is plentiful in Britain and will increasingly replace oil in power generation. That's fine, but you can't run cars on nutty slack. And large-scale conversion of coal into liquid fuels is still at least a decade away.

Gas production in the UK would be increased by the gas-gathering network recommended to the Government by a British Gas/Mobil study group. But though gas, like coal, could be converted into liquid fuels, any increased UK gas supplies would probably be taken up for heating and petrochemicals.

Nuclear expansion could be used to help curb Britain's oil dependence - provided popular disquiet

over safety can be resolved. But that won't happen overnight. And long construction times mean that nuclear expansion won't have much impact before the mid-1990s.

Clearly, conventional substitutes can be only part of the solution. Which brings us back to the North Sea. There could well be enough undiscovered oil out there to maintain Britain's self-sufficiency beyond the 1990s. The Government's May announcement that it plans to release 90 more areas for exploration was therefore welcome news. What's needed next is regular release of attractive exploration rights, and approval to develop promising discoveries.

If the UK is to extend its energy self-sufficiency, there's really no alternative.

Government starts

probe of CEGB

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BY DAYID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT A WIDE-RANGING investigs. The management information tion into the operating efficiency system.

The CEGB's purchasing

Department of Trade.

The investigation, under the The planning and appraisal Government's new Competition of new investment.

Act, was foreshadowed last The commission will have to price rise was amounced. activities by the Board are
The investigation will be operating against the public

carried out by the Monopolies interest. and Mergers Commission and will take six months to complete, although the Commission can ask for a three month anti-competitive practices by extension. The probe represents the third Government backed iovestigation into aspects of the from industry. industry's prices in four years. She said the delay had been The Monopolies Commission caused by the need to lay all is investigating British Rail's the various enabling orders

south-east commuter services. and is expected to start an time. These orders would be investigation of the Severn laid before the end of June. The Trent Water Authority soon. preliminary work of the Office Mrs. Sally Oppenheim, Con- of Fair Trading non-sumer Affairs Minister, gaid last: held up by the delay.

The office will carry out a lish that everything possible short investigation of antiwas being done by the CEGB competitive practices by single to increase efficiency and companies before deciding to absorb costs to keep prices as refer the cases to the low as possible

The commission has been probe. asked to examina five areas in It • The CEGB's internal costs tions will be formally announced

New threat to

road repairs
GOVERNMENT CASH limits
on local authorities could force

a further cut of 7 to 8 per cent in road maintenance if inflation

continues at more than 20 per cent, the British Road Federation bas said.

Mr. Tony de Boer, chairman

of the federation said in London: "This bldden squeeze

must put crippling pressures on local anthorities and I do

not believe that road mainten-

Ritz holds rates

FOLLOWING international criticism of over-priced London

hotels, the Ritz Hotel has guaranteed to hold its present

room rates for a further eight

months.
Its present rates, which have

remained unchanged since mid-

1979, start at £40 a night for a

single room with private bath and 170 for a double. The Ritz now undergoing a 15m refit, believes these rates are the

best value it has offered since

A PROPOSAL not to build part of the M25 orbital motorway in

North-East London, but to comhine it with the Lea Vallees

motorway 20 miles away is expected to be made in the High Court today. Mr. Barry

Fineberg, a Hackney Borough

Conneil planning officer, said the GLC could save fibn with

a lea Valley road. An appeal is being made against a com-

pulsory purchase order in the

Green Belt for the M25 plan.

Microchip chair DR. JOHN MAYOR, Reader in

electronic engineering at Edin-burgh University, is to become

the .UK's first professor of

microelectronics at Edinburgb. The new chair is endowed by Lothian Regional Council with

an annual grant of £50,000 for

A SPECIALIST dyeing works at Radcliffe, Greater Manchester,

will close later this year with loss of 130 jobs. The White-croft group plans to close the A. T. Bealey dyeing mill because

five years.

Dyers to close

the botel was founded in 1906.

Lea road call

for 8 months

ance can escape." - .

Generating Board was policy.

announced last night by the The management of plant
Department of Trade.

maintenance.

month when a new electricity decide whether any of these

Oppenheim denied suggestions that the delay in launching investigations into single companies under the Acl has been caused by pressure

before Parliament at the same preliminary work of the Office of Fair Trading had not been

commission for a six-month

It is still understood, however that no OFT investigastill and project control systems. until towards the end of July.

describe David Elsbury, named yesterday as chairman and chief executive of the newly-formed Racal-Decca, as a true company man. He has spent his adult life with Racal, which he joined in 1956 in the unglamorous post-

But nothing in his subsequent career or ehullient personality smacks of the cautious corporate yes-man who succeeds by obediently toeing the company line. Now 44, Mr. Elsbury owes his rise through the ranks to a position only a notch below that of Racal's chairman, Mr. Ernie Harrison, to a combination of energy, quick wits and dogged

Singled out as a young "flycr" hy Mr. Harrison, Mr. Elsbury has enjoyed rapid promotion, rarely staying in the same job for more than two years. In less than 10 years he became production manager of Racal; in 1970 he was named general managed of Racal-Mobilcal and, in 1974, its managing director. A directorship of Racal

Electronica, parent company of the Racal Group, followed in 1975; in 1977 he was made its deputy managing director and chairman of both Racal Tacticom and Racal Communi-

## Front-runner in a competitive field IT WOULD be tempting to In spite of his reputation as

a hard-driving executive in a relentlessly competitive industry, Mr. Elshury has succeeded without having to resort to ruthless corporate in fighting. This was no doubt made easier by the rapid expansion of Racal tion of junior tesler of itself, which provided plenty of refurbished British Army radios. opportunities for ambitious young men, and to the "family" atmosphere carefully cultivated by Mr. Harrison. The company

> its employees are encouraged to mix informally out of working hours. Mr. Elsbury clearly enjoys the fruits of success. A dapper near the Thames in Berkshire.

A keen photographer and garnatural history, he also enjoys an occasional game of squash. "But when he plays, he usually wins," says a colleague.

Not that Mr. Elsbury seems

prides itself on the fact that

10 have much time for leisure these days. He is usually at bis desk by about 8 am and often evening appointments. either in London or at Racal's headquarters near Reading. And few of his weekends are completely free of work. As a director of a major



man and ebief executive of Racat Decca: OBE for services to exports

exporting company with customers in 130 countries, he spends much of his time travelling dresser who drives a Rolls-Royce, he lives with his wife East, the U.S., Asia and Aus-and two children in an old house tralia. Last year he was set in several acres of grounds awarded the OBE for services to exports. S ofar this year, be has made more than half a dozen foreig ntrips, each of a week or more.

His track-record so far must to succeed Mr. Harrison, now 54. when he eventually decides to relinquish the chairmanship of Racal. But yesterday, David Elsbury was not available for comment on this or any other matter. Typically, oo the day that bis new appointment was annouoced, he was on a business trip to an unidentiefid foreign

## Miners' meeting By Our Labour Staff

MINRES' representatives from the 36 pits in South Wales will consider recommendations being drawn up by the area executive of the National Union of Mineworkers to fight the National Coal Board's pit closure plans at a special conference today.

The conference, in Bridgend, follows a meeting yesterday hetween the leaders of 27,000 South Wales miners and Mr. Joe Gormley, NUM president. The NCB says that six loss-

making pits, employing 4,000 men should be closed this year. It has said a further six pits, employing another 4,000 workers, have an uncertain future

#### How motorists can save £40 a year

By Martin Dickson

MOST DRIVERS could cut their petrol consumption by at least 10 per cent, a saving of £40 a year to the average motorist, according to a Department of Energy leaflet.

The leaflet, "Making the most

of your petrol," points out that every 100 lb of car weight needs an extra 10 gallons a year, that a poorly serviced car can increase consumption by 20 per cent, and that economical driving that, although getting a share pected to last using can also save 20 per cent. of the oil, Mr. Hunt would incur continues today.

MR. NELSON BUNKER HUNT no personal financial liability in

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

£17m court award to

**BP** is challenged

Appeal yesterday a £17m award made to BP Exploration (Libya) by the High Court last year.

terms of the contract under interest. which be and BP expioited a highly profitable Libyan oil concession no award should have been made against him. BP cross-appealed for a substantial increase in the award.

The dispute arose ofter the Libyan Government nationalised the oil field, BP said the contract had been frustrated by nationalisation and that part of the oil Mr. Hunt had received from the venture represented an unjust enrichment ont of an operation carried out and financed by BP.

Mr. Peter Curry, QC, for Mr. Hunt, told the Appeal Court that in 1960 BP had joined Mr. Hunt in the exploitation of a concession he had obtained in the vast Sarir field in Libya three years earlier.

In return for a balf share in the concession BP undertook to finance the exploitation and development of the oilfield and to operate it. It was to recoup its outlay from the field's production.

Part of the agreement was

challenged in the Court of the venture.

Appeal vesterday a \$17m award The venture proved to be hugely profitable for both sides for five years. Then the Libyan Government nationalised first He said that because of the BP's and later Mr. Hunt's

By that time BP had recouped £18m of the £30.8m it bad spent nn exploitation and developmenl. It said it could recover the bslance from Mr. Hunt.

In the High Court BP made a claim under the 1943 Law Reform (Frustrated Contracts) Act, which gives the court power to award a "just sum" to the party whose performence of the contract had provided the other party with a valuable

BP said Mr. Hunt bad received such a benefit, which had included BP's services in the venture, the advance by the company of Mr. Hunt's share of the expenditure and the limita-tion of his liability.

The claim succeeded, Mr. Justice Robert Goff awarding BP \$15,575,823 plus £8,922,060. Mr. Curry said that because of the provision in the contract that Mr. Hunt would incur no personal liability, no award should have been made against

The bearing, which is expected to last up to a month,

#### Workless fears face Coventry

with its dependence on the motor industry, may be heading for record post-war unemploy-ment, is in the latest survey of the local economy by the city

Mr. Arnold Morton, the City Treasurer, says that unemployment is act to rise "very fast" in the second ball of the year. It seems only too probable that in the next year or so it will exceed the local post-war peak of 16,732 reached in August 1976."

Talbot prices up

The price of most Talbot cars was raised yesterday by an average of 4.2 per cent. The prices of the Solara, a mediumsized saloon launched in the UK last month, the Ti and the

Lotus are unchanged.

Examples of new prices (including car tax and VAT) are Sunheam LS 1.0 £3,259.10 (£3,109.60), up 4.8 per cent; Avenger LS 1.6 4-door £3,850.86 (£2,57.20). Horizon CL 1.3 (£3,675,20); Horizon GL 1.3 £4,399.03 (£4,198.45); Alpine GLS 1.5 £5,803.08 (£5,607.49).

Footwear gloom

SHORT-TERM PROSPECTS for the footwear industry are bleak. with competition in home and overseas markets intensifying, report on the sector by Inter Company Comparisons states. It covers 60 leading companies with sales of £1bn, and says that the three years up to 1978-79 were fairly profitable. Gloom on sterling's high value.

Channel boost

BRITTANY FERRIES bas chartered the Italian motor vessel Faraday, 2,932 tons, from roll-on roll-off freight traffic on the Portsmouth-St. Malo route.

Short time

THE 60 workers at British Springs factory on the Stanmore Industrial Estate, Bridgmorth, Salop, bave been put nn a three-day week. A fall in export orders and political problems

# ...solar, shale, tidal, wind, wave, geothermal, ocean thermal, and so on, and so on. and so on.

#### The list of alternative energy sources seems endless. Endless possibilities, endlessly discussed. Now, with North Sea oil providing the time and the funds to invest, Britain has the opportunity to press ahead with major developments in alternative energy.

But developing the technology is one thing; puttingit into large-scale practice is quite another. The idea of harnessing tidal power, for example, has been around since at least 1910, when Lloyd George's Cabinet debated the merits of a barrier across the Severn Estuary. Now, 70 years later, the latest Government report says the project is 'technically feasible' ... but that its economics are still uncertain. Construction is unlikely to start before the late '80s, and could take 15 years to complete. In little over half that time, the oil industry could probably find and develop a new generation of new North Sea oilfields.

Not that we're advocating any delay in adopting alternatives. On the contrary, Mobil is among the

pioneers in many alternative energy fields - including oil shale, heavy oil, uranium and cheaper ways of harnessing solar power. But countries like Britain have spent most of a century gearing their way of life to oil. Building alternative energy industries big enough to take over will take many years and many billions of pounds.

Meanwhile, continued North Sea exploration and development is essential. At least until exotic alternatives can be counted on as down-to-earth solutions.

## Mobil

#### deteriorating trading position. amroad are blamed. Farmers likely to need special aid, says report

DECLINING returns over the coming year could drive British farmers from the land in increasing numbers unless special Government aid is provided. according to the latest issue of Bank's monthly economic bulletin, published

Mr. Christopher Johnson, the hank's economic adviser, says that even after the 5 per cent price rise agreed in Brussels

in real terms this year. Prices for British farm pro- two humper crop years. duce are likely to rise by about 10 per cent, reflecting the 5 per cent rise in EEC prices and cumulative Green Pound devaluations of 11 per cent but this is a longer term prosbetween last July and this pect. Angust. The Green Pound is: A weakening of sterling the artificial exchange rate at against the European Currency which Common Market support Unit, in which farm prices are prices are translated into

sterling. But Mr. Johnson warns that a rise of at least 17 per cent in Green Pound rate to be de-the cost of non-agricultural valued. inputs (in line with the general inflation rate) will keep the rise

Farmers will also suffer from much higher labour costs, reduced public expenditure and beavy interest charges, he said Even allowing for an expected reduction in minimum lending rate to 11 per cent by the end of the year interest payments by farmers are likely to amount to about £500m—two-and-a-half times the 1978 level.

Against this hackground the only way farmers can maintain and allowing for the effects of their incomes is hy increasing improvements in Britain's yields, Mr. Johnson says. But their incomes is hy increasing agricultural exchange rate, UK, this might cause prices to farmers' incomes are likely to weaken and, in any case, the fall by more than 20 per cent scope for further yield increases seema limited following

> There should be scope for an efficient UK agricultural sector to win a larger share of its own market and to increase exports

expressed, remains the best hope for British agriculture, he This would allow the Says.

There could be a devaluation of sterling if Britain joins the in the added value of UK European Monetary System as agriculture down to ahout 7.5 a full member, Mr. Johnson says.

#### **UK NEWS**

## Nuclear risks 'very small'

THE DANGERS associated with nuclear power were smaller than those in many other areas of life, Mr. Norman Lamont, a Minister at the Energy Department, said yesterday.

He told a Rotary Club conference on nuclear power in Manchester that normal life would not be possible unless people were realistic about very

A large coal-fired electricity station could generate 20 lb of solid waste a second and coal wastes contained at least a dozen toxic metals, including small quantities of arsenic. "By comparison, tha high-

level wastes produced in one year by a nuclear power station, when suitably trested, amount to only a few cubic metres." After 25 years of nuclear

power generation in the UK, the waste products from used fuel rods would fill little more than a four-bedroom

Radioactvity was a manage-able problem. The highly-radioactive wastes decayed rapidly. After 10 years, the level was only a fraction of its initial value. Longer - lived wastes took more time to decay, but were much less radioactive.

The technology for conditioning nuclear fuel waste, so it could be stored as a glass solid;

Mr. Lamont said the Govern-ment expected Britain to be a major nat energy importer by 2000, after the rundown of oil supplies. Nuclear power would theo be contributing 40 giga-watts (40,000 megawatts) to the national supply, or roughly one third of requirements, if the nuclear building programme went ahead on schedule.

This was far from being a crash programme, as nuclear opponents suggested, and would leave Britain markedly less committed to nuclear power than some other nations—notably France and Japan-by the

Savings would make an important contribution to overall

## Government plans agency to monitor NHS efficiency

BY ROBIN PAULEY

up an agency to monitor the quality and efficiency of the National Health Service, Mr. Patrick Jenkin, Secretary of State for Social Services, said vesterday.

The agency, to be set up on an experimental basis, will also be responsible for advising on ways to improve services within the NHS which spends £8bn year and is Europe's largest

employer. Mr. Jenkin told the Institute of Health Service Administrators that the idea was contained in "Patients First." the Government's consultation paper on reform of the NHS. As a result of reaction to the ides be hoped it would be introduced as an experiment. Such a body experiment. might also advise on development of services at the

district level, he said. Mr. Jenkin added that another attractive idea in the 3,000 comments on the Government's proposals which he had received that bealth authorities should be required to publish annual reports setting out what they bave been doing and bow they have looked after the health of the populations they

He also emphasised that the consultation paper was never intended to be a document about

THE Government plans to set paper in the antumn which would be the time to judge whether or not adequate attention was being paid to prevention, health education, comm health education, tion, community care and the so-called "Cinderella" services.

Mr. Jankin said that the last NHS reorganisation in 1974 placed too great a priority on common boundaries for health authorities and local authorities. This meant that the advantages of better collaboration were bought at too high a price in terms of an over-elaborate management structure for the bealth service.

On the incentive to collaborate, however, Mr. Jenkin said he supported the system of joint financing even though some local anthorities viewed it with mixed

The Government's basic conclusion on the 1974 reforms was that the district concept of bealth services was broadly right, but that to involva bealth authority members in planning and management of services on a multi-district basis

responsibilities members in such areas were too widespread and complex for them to be properly accountable, Management arrangements had hecoma far too cumbersome health policy and bealth priori- in the present system for it to ties. Mr. Jenkin will make a be possible to try to achieve statement on these in a separate proper accountability.

#### Directors' leader opposes **EEC** works councils

BY RAY PERMAN, SCOTTISH CORRESPONDENT

COMPANY DIRECTORS should employee-directors, or to set up start s campaign against EEC works councils. proposals on works councils which would amount to a re-run of the Bullock recommendations Directors, said in Glasgow

companies to adopt a two-tier board of whom a third are 1980s."

"With unemployment showing a steady rise, companies need the maximum flexibility on industrial democracy, Mr. and speed of response to Walter Goldsmith, director- changing conditions if producgeneral of the Institute of tivity is to be boosted and jobs saved," Mr. Goldsmith said.

"But there is a serious The EEC's fifth directive on danger that they will find their company structure, being con-sidered by the legal affairs sentative institutions conceived committee of the European in the lste 1960s, in an era of Parliament, may require British stable corporatism, and totally unresponsive to the more fluid board system with a supervisory and difficult conditions of the

## Credit card-style passport plan

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

AIR TRAVELLERS of the future may find themselves using a new style of passport, rather like a credit card in size and shape, which would be "machine-readable," under proposals put forward by the International Civil Aviation Organisation.

The organisation is promoting the development as part of the effort to speed the ingly busy international air-

As air travel expands in the 1980s, the introduction of a type of passport which can be instantly scrutinised by considered

Small firms

in Ulster

buoyant

By Our Belfast Correspondent

still

Anderson,

Development

Government's

essential. The proposed travel document could be issued as a separate card, or included in a booklet for endorsements. It would contain a series sf code numbers and markings giving standard passport information, but in a way which could be instantly checked by a computer.

At busy international airports, the passport would be used with machines and associated computer equipment-The document would have enough information to enable It to be read visually, but more rapidly than usual because of its simplicity and

clarity. As an additional time-saver. the MRP, as the proposed passport is called, might even

do away with embarkation and disembarkation cards. "But the proposed travel document is not a magic wand that will whisk the holder through immigration control points in no time at all," says the aviation organisation. It will, however, reduce the time

conventional passports. The organisation recognised, in the late 1960s, the ned for new techniques to speed the flow of travellers

spent by officials now having

to inspect several pages of the

through governmental clearance controls at airports.

A study group set up by the organisation has now pro-duced a set of specifications for a new MRP, and the organisation is actively soliciting the support of membergovernments for its universal introduction.

So far, however, the attitude of member-countries, of which there are more than 100, is lukewarm. One problem is that many countries still require visas, which would make the MRP a bulky document as many current passports are, and thus difficult to handle by machine.

lived power sharing executive

that as there will be time for only one initiative during this

Parliament's lifetime it is better

to keep the politicisms talking and impose a solution later if nothing comes of the talks.

Mrs. Thatcher could,

course, always reverse Mr.

Whitelsw's feelings, but it

seems that for the moment Mr.

Atkins has been overruled by

well as Mr. Whitelew, includes

the special committee which,

## Concern about offshore oil deaths

RITCHIE-CALDER Committee on Oil Pollution of the Sea, has expressed concern about increasing deaths in the

offshere oil industry. In an intorduction to the committee's latest annual report he says last year the loss of life associated with oil production and transportation was much worse than in previous

More than 300 people died in tanker accidents throughout the world — doubling the number of casualties in 1978. The rate continued into this year with the 10 Olives lost when the North Sea secommodation rig Alexander Keilland capsized in the Ekofisk field.

A record quantity of oil had also been spilled last year, mainly as a result of the late I well blowout in the Gulf of Mexico in which 140m gallons of oil were lost — the largest spillage in history. There had been a high num

ber of minor incidents around the UK. About 568 spillages of oil were reported, compared

But the committee says it is "encouraged" that some of its long-term policies are becoming effective, both nationally and internationally. It particularly velcomed moves by the EEC to encourage compliance with standards set by the Intergovernmental Maritime Consultative Organisation.
Founded in 1952, the commit-

tee is a non-statutory hody. Its members include all the local anthority associations, the sea fisheries' committees, shipping. and port authority associations wildlife protection organisa-tions and representatives of amenity hodies and the toutist industry.

Mr. James Callaghan, the Labour leader, is its president.

## Government paper seeks continued talks in Ulster

majority rule. This would bave

excluded power sharing with

Instead their interests would

have been safeguarded by

weighted majorities in an

Mr. Whitelaw, a former Nor-

thought to bave opposed the plan on the grounds that it was doomed to failure because Mr.

John Hume, leader of the Social

thern Ireland Secretary,

Catholic minority.

the representatives of

assembly.

BY STEWART DALBY

THE long-awaited Government print for elections to an principal architects of the short-White or Green Paper on assembly with a cabinet or lived power sharing executive political devolution in Northern executive on the basis of Ireland is thought to have passed through the special excluder Cabinet committee headed by the re Mr. William Whitelsw, the Roman THE SMALL firms sector of Northern Ireland industry has continued to be reasonably Home Secretary, and to be buoyant in spite of pessimism about its prospects, Mr. Colin ready for consideration by Mrs. Anderson, chairman of the province's Local Enterprise Development Unit, said Thatcher and the full Cabinet. When the paper emerges— probably during the week June 12 to 20—it is likely to be a consultative document laying the ground for further talks The unit; which is the between the main political agency in the province, pro-1,300 jobs in the year

parties in the province. It had been thought that Mr. Humphrey Atkins, Secretary of State for Northern Ireland, and Office wanted to present a blue-

warning

controls

By David Marsh

on import

BRITAIN WOULD inevitably

face retalistion from other countries if it resorted to

general import controls to

resolve its industrial problems,

says Dr. Harald Malmgren, a

former U.S. chief trade nego-

In a lecture at the Trade Policy Research Centre yester-

day Mr. Malmgren, who beld his office during President

Gerald Ford's administration,

iodustrial structure through

trade measures was to attack

symptoms rather than causes.

A policy of general import controls has been suggested by

the Cambridge Economic Policy Group under Mr. Wynne

Godley, the former Treasury chief adviser. It has recently

attracted increasing support as industry comes under pressure from the recession and the

A critical element in the

argument for general import controls was that the rest of the world would understand and

tolerate Britain's special posi-

Such action would break international obligations and

other government would bave

to suppress all those interest groups of their own whose trade would be adversely affected,"

for it to work Retaliatory mea-sures would be inevitable.

This could not happen. Britain's trade problems, weak

capital investment and inflation

Dr Malmgren attacked the suggestion that the UK should

adopt selective import controls

to prop up specific industries.

He said this usually helped

inefficient enterprises remain viably, but rarely brought about

changes in management and an

increase in the pase of capital

were not unique.

tion, Dr Malgram said.

strong pound.

The cost per job fell from £4,178 to £3,521, partly because of the Government's policy of seeking more funding from the private sector.

to March 31 - a quarter of which came from second or

third stage expansions

existing companies.

small

Mr. Anderson said that at the end of 1979 the agency was "slightly unhappy" about the low level of inquiries for aid but the start of 1980 bad seen an encouraging upturn. Since the unit was set up in

1971 it has promoted more than 10,000 jobs at a cost of around £24m. The actual number of jobs in existence at March 1979 was 5,564-against 8,798 promoted — the balance being accounted for by cuts and closures. The figures give the agency an overall success rate of 63 per cent.

#### Mr. Francis Pym, Defence Sec-retary, Lord Hallsham, the Lord Chancellor and Sir Ian Democratic and Labour Party, would be unable to accept anything less than power sharing Gilmour, Deputy Foreign Secreofficials of the Northern Ireland at an executive level. Mr. Whitelaw, one of the Retaliation Concorde wins supersonic

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

route over Saudi Arabia

Stalin autograph fetches

ON THE second day of the members of the Committee of dispersal of Ray Rawlins' un- Public Safety.

same sum as Borgia's

A NEW supersonic corridor for British Airways' and Singapore Riyadh. Airlines' Concorde flights The o across Saudi Arabia, which becomes effective for an experimental period today, is expected to cut up to 50 minutes off flight times between London and Bahrain.

The corridor bas been agreed after extensive discussions with the Saodi Arabian Government, and will last for four weeks, or longer if there are no significant complaints about noise.

Concorde flights between Loedon and Bahrain bave until recently flown supersonically across Lebanon, but permission was withdrawn some weeks ago. because of noise, and Concorde bas since bad to cross that country subsonically.

The alternative route scross Saudi Arabia was permitted for a brief period, but then withdrawn. Suggestions that this was due to Saudi anger at the TV film "Death of a Princess"

equalled collection of anto-graphs at Sotheby's yesterday, a rare signature of Stalin and other Russian and British leaders taken at the Potsdam

Conference in 1945 sold for £4,000, about six times the fore-

cast. The same sum secured a document signed by Lucretia

SALEROOM

BY ANTONY THORNCROFT

Borgis when she was 14 years

Dr. Martin, a private collector, paid £1,000 for a document

signed by Marie Antoinette and

were denied in London and The official reason given was

complaints shout noise. The route has now been changed to svoid built-up areas.

The new supersonic route covers part of Egypt, down the Red Sea to Wash on the coast of Saudi Arabia, and then east to Bahrain across Saudi Arabia. It will cut the flight time between London and Bahrain by 50 minutes to about 4 hours 20 minutes.

The subsonic flight across Lebanon not only lengthened the flight time but also meant fewer passengers because of the ed to carry more fuel. The problems are now removed, and Concorde should be sble to carry bigger loads into and out of Bahrain en route to and from

Singapore. The two airlines jointly run three flights each way weekly between London and Singapore.

Given that it sppeals almost

exclusively to British collectors,

Sotheby's auction of English pottery did quite well to make £45,760 with 13.4 per cent

bought in A rare Brislington

charger of Queen Mary dated about 1690 sold for £2,100 and a Wedgwood blue jasper neck-

At Christie's yesterday, a

Kakiemon oviform jar and

cover with a crack and extensive repairs sold for £11,000 in a Japanese works of art auction

which totalled £150,480... The

jar was originally taken to Christie's South Kensington saleroom because it was not

considered to be worth much

but in fact it is rare and dates

lace mada £1,700.

support qualified

**Finniston** 

By Maurice Samuelson

THE LATEST qualified support for a statutory engineering authority has come from the Machine Tool Trades Association

in its response to the fir niston report, the association says the authority must be independent of Government intervention.

It says the Engineering Industry Training Board has the necessary expertise and could provide a blueprint for monitoring the training of pro-fessional engineers.

The association criticises the Finniston team for allegedly failing to recognise "the failing to recognise "the unique industrial co-ordinating role" developed by the training board and the associated Engineering Careers Information

Service. It proposes a continuing role for the professional institutions in the accreditation and registration of engineers. Statutory registration should be obtainable through membership of the institutions.

## Porterage costs raised again

PORTERAGE charges on the Mersey—a fee for moving cargoes from ship to shore transport—are to be raised for the second time in four months, without the agreement of the port users. They are being increased by 17 per cent after a 20 per cent rise in February.

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ment at every stage. For instance, a consignment containing either business papers or merchandise weighing under 10kg posted in London on Monday will be scheduled for delivery to any one of 22 major cities in the Netherlands on Tuesday.

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## Little cause for optimism at Perkins

the same price for a document but in fact it is a signed by Robespierre and other from about 1680.

horough comes as no surprise to anybody who has been following the fortunes of the tractor business, particularly in North America.

While the slump in tractor-sales is the immediate cause of Perkins' problems, however, the longer outlook for the UK diesel sugine industry, and for Perkins in particular, gives little cause for optimism.

Perkins produced 200,800 engines from its three Peterborough factories last year, and 118,171 engine kits which are mostly shipped for assembly by its licensees in developing countries. Sales totalled £348m, but no profit figure is svailable as the results are consolidated Into its parent company, Massey Ferguson of Canada. As much as 40 per ceot of Perkins' outmaking agricultural equipment,

PERKINS' announcement yes-terday that short time working can requirement was being met is to be introduced at Peter-by Massey's plant in Canton, Ohio. It was closed down lastyear because of mounting losses. and production was transferred to the UK. Massey had hoped to sell the Ohio plant to International Harvester but this deal appears to have fallen through.

> Tractor demand in North America has been badly bit this year by a variety of factors, which bave caused cuts in pro-duction at Massey, International Harvester and John Deere, Last week Massey said it would close all its tractor plants in North America for three months in the summer instead of the usual one month. The market for tractors in the UK has also slumped this year, although Massey has not so far announced any cuts at its UK factories.

mostly tractors.

The North American market many of its other customera in as a supplier of small to kins' parent company is still takes about 45,000 of Perkins' the business of making conmedium-sized diesel engines is fighting for survival combines struction equipment and lift second to none, but there is to raise questions about Perkins the resources to impossible process.

Germany, Perkins' prices have been getting out of line with those of other European manufacturers. Perkins' dependence on the

agricultural and industrial equipment sectors looks increasingly like a weakness in this important sector of engineer finished products.

ing. Only about 25 per cent of ... Its customer list is huge, and Perkins' third-party sales includes most of the main as also slumped this year, are retains the those not to Massey—go to the manufacturers of agricultural actories.

The situation in the agricultural considerably down on last, this the problems of those customatical actories is undoubtedly the restor which are retained to the problems of those customatical actories. put goes to Massey factories in The situation in the agricul- considerably down on last, this the UK and the U.S. which are tural equipment market is being is undoubtedly the sector which

the resources to innovate along crisis.

The outlook for the construct he lines of its major competition equipment sector in partors. This could prove to be a ticular is gloomy, with capacity particular drawback in the worldwide far exceeding de automotive field, where most of mand. At the same time, Per-Perkins' competitors are work-kins has been finding it increasing on a diesel engine for ingly difficult to compete in application in cars and vans.

international markets became Perkins has announced its of the rate of inflation in the UK intention to mount a similar coupled with the strength of project, but has not yet found a otor manufacturer with whom There has been growing evi- to share the eventual tooling dence that in markets such as up costs.

Perkins is one of the world's largest manufacturers of diese engines, and is a significant con tributor to the UK's exports. As much as 86 per cent of its production is exported, as built-up engines or in kit form, and a a component in the export of

compounded as far as Perkins has the best growth prospects. Than the current economic representation worldwide cession, and the fact that many of its other customera in the business of making continuous and lift second to none but there is to reason measurement and lift second to none but there is to reason measurement about Perkins.

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an 300 people accidents throw doubling casualties in continued into the 10 olive.

North Sea acon Alexander Ref. the Ekofisk fee quantity of i quantity of of spilled last a result of the wout in the Get which 140m steel lost — the kenneth history. ad been a high nor incidents as bout 568 spillage reported com-n 1978. committee same ed " that some e policies are been both nationally and policies are been both nationally and policies are been both nationally by the policies are been by the been by the policies are been by the been by

ital Maritime ( 1 in 1952, the or on-statutory by include all the associations, the committees. & authorny associ protection at representation

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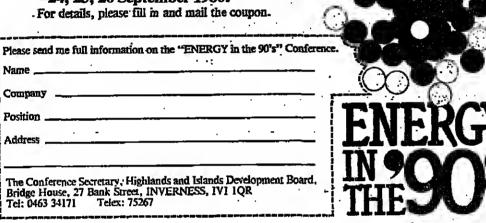
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"Energy in the 90's"—a major conference sponsored by the Highlands and Islands Development Board and the Royal Society of Edinburgh-looks at all these questions, and the options, through the eyes of twelve distinguished speakers.

The Conference— "Energy in the 90's" will be held at Aviemore Centre, Inverness, Scotland -24, 25, 26 September 1980.



# sought for lotteries

BY JAMES McDONALD

THE LOTTERIES Council, formed last year to promote the respectable image of lotteries, is to ask the Home Secretary to raise the existing weekly top prize limit of £1,000 to a maximum £20,000 to revive flagging interest.

It has also drawn up a code of conduct, launched in London yesterday by Sir Graham Page, MP, the couneil's chairman.

He warned that sport, charitable and cultural ectivities faced a bleak future in 1980s unless funds generated from lotteries were allowed to increase. "This will happen only if the Home Secretary sets attractive prize limits which capture and maintain the public's interest."

Sir Graham was speaking in the Guildhall, near the site of the last draw for a State lottery in 1826 when equivalent to about £300,000 now. He said the present £1,000 limit had been set in 1974. Inflation had made this increasingly unjuteresting.

Lotteries organised on bebalf of local authorities, sports and charitable organisations produced ticket sales in 1978-79 of almost £90m. This fell to £65.9m in 1979-80, while the money retained by local anthorities and societies fell from £34.9m to

The council believes ticket sales could increase to £200m a year if prizes np to £20,000 were offered. "This would mean that over £80m would he injected into sporting. cultural and voluntary organi-

Mr. Jimmy Hill, chairman of Coventry City Foothall Clnb. said that 90 per cent of clubs in the Football League could not succeed If it were not for lotteries and other fund-raising schemes. Sir Graham said the code

has been created because although lotteries are con-trolled by the 1976 Lotteries and Amusement Act, it was felt that certain areas of operation needed clarifying

## The way the music died

COLIN BRADBURY, principal clarinet player with the BBC's most notable orchestra, is prepared to spend this summer on a picket line instead of taking a leading role in the promenade and file orchestra members are leading role in the promenade and file orchestra members are leading role in the promenade and file orchestra members are leading role in the promenade and file orchestra members are leading role in the promenade and file orchestra members are leading role in the promenade and file orchestra members are leading role in the promenade and players need con-

The strike action being taken against the BBC by musicians like Colin Bradbury is almost unbelievable to the men and women themselves, who have lived by the maxim that the show must go on.

The musicians have been brought together in opposition to the corporation's plans to axe five of its 11 orchestras as part of a two-year economy plan to save £130m, Redundancy notices have been served to 172 members of the five house orchestras which are due to be disbanded by August Abolishing the orchestras will save £1.5m, of which £1m, the BBC says, will support musicians outside house orchestras.

The BBC argues that it no longer needs 11 house orchestras, and says: "The regional light orchestras ere recording seven sessions a week and we do not need this amount of music of that type.

#### **Patron**

"The BBC intends to remain a patron of music, but it has to offer listeners the best value for the licence fee they pay."

The 41,000-strong Musician's Union, argues that the cuts illustrate the BBC management's leck of ability and enthusiasm for supporting creative musical work. "They want to leave the responsibility for producing the music that the majority of listeners want to hear to the record industry," said Mr. Stan Hibbert, assistant geoccal secretary.

The present management is digging the grave of public service hroadcasting. If they make cuts how do they persuade politicians to raise licenee

It is this alleged attack on creative musical work which has stirred players such as Colin Bradbury into-strike action, A member of the BBC Symphony Orchestra for 20 years, he be-lieves that the whole concept of public service broadcasting is being changed and that the BBC will not stop at just five orchestras. Instead of originat-ing music and perhaps changing the style of some of its orchestras, he says the BBC's management is prepared to tol-erate "juke box radio."

money than they need.

year. Colin Bradbnry said: "My

salary is not comparable with

those paid to equivalent people in industry, for example."

the clarinet at the Royal Col-lege of Music and does free-

lance work when he has the

Players in the BBC Sym

time spent at the BBC."

Mr. Bradbury is professor of

Members of other London

LSO

A basic concert fee is about

hecome shareholders in e co-

operative, which is a private company and charity, and are

Principal players in the BBC down. Neither 1 s there a lot can be high up to £20,000 for Symphony Orchestra negotiate of freelance work available; a fine old violin—and there is their own salaries but these are recording studios, faced with no guarantee of work.

The BBC plans to axe five of its eleven orthestras as part of

its scheme to reduce costs, and 172 musicians have received

redundancy notices. They have responded by going on strike and picketing Broadcasting House in London. Lisa Wood

reports on the BBC's claim that it has more light music

than it needs, and the players' claim that they have less

time. "Freelance work is for company and charity, and are the money," he said. "It pays nearly twice as much as similar determined by the Musicians'

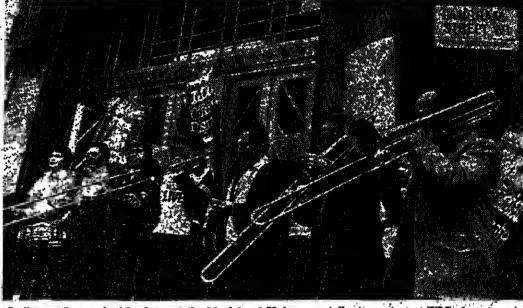
concerts at London's Royal not high and players need considerable amounts of freelance money is not very good and with orchestras, do not receive a regulated work one is tied pension. Costs of instruments

> Musicians in the five regional symphony orchestras, which are supported by local authority and Arts Council grants, do not fare as well. At the City of Birmingham Symphony Orchestra rankand-file string players receive £90, sub-principal players £95 and principal players £101 for a 40-hour week

Mr. Edward Smith, GBSO's general manager, said: "Musicians contracts do allow outside work. Some players teach but this is difficult unlikely to be above £10,000 a falling record sales, have cut because of the odd and unsociable hours they down recently on recording Musicians at the CBSO do not earn e large salary and they have many hidden costs to meet, orchestras, like the London such as concert dress, which can Orchestra, are selfcost over £100, and tha maintenance of instruments.

"We are very worried about rates of pay. In other countries an artist can earn three times as much money for e concert. But people from abroad continue to perform in this country phony Orchestra receive a basic £30 and a player could earn, because our annual salary of £6,692 (1979 in a good week, up to £200, but are so high." because our standards of music

rates) and those in the BBC would have to work long hours. It is these standards which Concert Orchestra #5,491. Con. Mr. Bruce Campbell, the ISO's some believe are under attack tracts allow musicians to accountant, said: "A good with the BBC's plan to do away perform outside the BBC as player could earn up to £10,000, with its five orchestras.



Strike up the music: Members of the Musicians' Union, on strike in protest at BBC plans to cut the number of its orchestras, put on a tuneful demonstration outside Broadcasting House in

#### APPOINTMENTS

## Chairman change at Save & Prosper

chairman after the annual meeting on June 25. He will succeed SIr Andrew Carnwath, who is to retire having reached the age of 70. At the same time, Sir Clement Penruddock and Sir Dennis Pilcher will also retire from the Board. Mr. Maitland continue as managing director jointly with Mr. Cholmeley Messer, the present deputy managing director. When Mr. Messer ceases to be chairman of tha Unit Trust Association in 1981 he will become full managing director of Save and

Mr. N. A. T. Marsh has been appointed to the Board of TOMKINSONS CARPETS. In addition to his position as managing director of Steeles, he will be responsible to Mr. L. D. Maclean, group chief executive, for the marketing of contract

Mr. David Burditt has been appointed to the Boards of GULLIVER FOODS and LOUIS C. EDWARDS AND SONS (MANCHESTER). Mr. Burditt will be the director responsible for food manufacturing.

Mr. Cyril Clifford has been appointed company secretary of EUROPEAN FERRIES to succeed Mr. Edward Overington, who is retiring.

Mr. Greville MacGillivray has been appointed to the Board of the ARAB LATIN AMERICAN BANK (Ariabank) to he its senior representative in London. Mr. MacGillivray retired recentlyfrom the Bank of England as deputy chief of the overseas department

SCHRODER LIFE GROUP has appointed Mr. Malcolm Taylor as a director and joint actuary of Schroder Life Assurance and of Schroder Pensions.

Sir Frederic Bolton has been appointed a member of the DOVER HARBOUR BOARD following the retirement of Mr. David McKenna. A further appointment to the Board is Mr. J. A. Lawton, who becomes a Minister's appointee after serving as an elected member since September 1978. He is now deputy chairman.

Mr. Philip J. S. Gray has been appointed to the Board of G.T. MANAGEMENT (UK).

Mr. Panl Brooks, at present assistant general manager and company secretary, has been eppointed as a second depoty eneral manager at the TSB TRUST COMPANY. Mr. Roger Heydon will remain as deputy general manager and will act as general manager during Mr. Brian Brown's absence. Mr. Brooks will now be responsible

Mr. David Maitland, dapnty for finance and investment, data chairman end managing director processing and insurance, and of SAVE AND PROSPER actuarial with Mr. Heydon in GROUP, is to take over as charge of business development, insurance services and management services.

> Mr. David Russell has been appointed a director and chief executive of the JOINT CREDIT CARD COMPANY, the central service company of the Access Credit Card scheme. Mr. Russell, previously deputy chief executive, is from National West-minster Bank and succeeds Mr. George Gilhespy who returns to Midland Bank as a general manager. Mr. Peter Constable, from Lloyds Bank, has become a director and deputy chief executive of Joint Credit Card.

> Mr. Anthony D. J. Carratu, Mr. David W. Gravell, Mr. Herbert L. Farrimond and Mr. Jeremy Weston bave been appointed part-time members of the BRITISH WATERWAYS BOARD for two years.

Mr. Michael W. Craddock has been appointed director of marketing of UNIROYAL ENGLEBERT TYRES. He succeeds Mr. Adrian Silenzi, who has retired as marketing director and general sales manager hut remains a non-executive director.

Mr. Robert G. W. Lambert has been appointed by BANCO DI NAPOLI as its representative in Switzerland. He was previously European representative of Barclays, resident in Zurich.

Mr. Hans Locher, deputy director general of Zellweger Uster, Switzerland, has heen voted president-elect of the TEXTILE INSTITUTE. He will voted become president in May, 1981, following Mr. J. Alan Clough, chairman of British Mohair Spinners.

Mr. Barry Maughan bas been made managing director of SEPKARN and Mr. Bob Burberry becomes sales director. Mr. Devid Winders hes been appointed finance director. The company is now a wholly-owned subsidiary of the Negretti and Zambra group.

Mr. Tom Starr has been appointed managing director of BOWTHORPE EMP, a member of the Bowthorpe Holdings Group. He was previously marketing director.

Mr. N. G. Daniels, of Jewson Scaffolding, has been elected president of the NATIONAL ASSOCIATION OF SCAFFOLDING CONTRACTORS for 1980-1981. Mr. D. G. Flood is the new senior vice-president, Mr. L. T. Humphrey, joolor vice-president, and Mr. W. D. Orwin, honorary treasurer. Mr. C. F. Kendall, of Western Gear (UK), has become chairman of the Suspended Access Equipment Manufacturers Association. Mr. Frank Jewson is the new vice-chairman of that association.

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#### **CONTRACTS AND TENDERS**

#### INTERVENTION BOARD FOR ABRICULTURAL PRODUCE INVITATION TO TENDER

Tenders are luvited for the urgent supply of 83 tonnes of bagged wheat flour for delivery on FAS liner terms to an EEC port for subsequent delivery to Pointe Noire in Republic of

Congo.

Delivery to an EEC port shall be in time to commence as soon as possible after 25 days from 12 June 1980. The price for the supply and transportation costs of the wheat flour will be determined on examination of tenders which must be submitted by 12 norm on 12 June 1980 to:

HOME-GROWN CEREALS AUTHORITY Hamlyn House, Highgate Hill, London N19 5PR Notice of invitation to tender together with the tendering forms may be obtained from Branch B (Cereals), Internal Market Division, Intervention Board for Agricultural Produce, 2 West Mall, Reading RG1 7QW (Telephone Reading 583626, ext. 264).

#### CORRECTION CITY OF CAPE TOWN

An invitation to tender for a Computer-Based Control System for Operation of Council's Power Natwork Specification Number 1837-3/472 was published on Tuesday, May 27 for the City of Cepa Town. The initial date for the issue of Invitations should have red "on or about the 18th June, 1980" and not 18th July as published.

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#### 17th INTERNATIONAL **COIN FAIR**

## June 6th and 7th

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## Third health group to join pay fight

today to become the third major health service group to resist imposition of a 14 per cent celling on pay."

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If members of the like set than with Lor other maior not receive of instrument p. to £20.000 in the main there is the congression.

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d. Smith, the imanager, said intracts do allow Some player, his is difficult to odd and in its they kep the CBSG do not salary and the den costs to med the dess, which can truments.

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s plan to do and orchestra:

LANGHAM

STREET WO

BBC plans to ou

Union leaders of the 50,000 group made clear yesterday that group made clear yesterday that Miss Ada Maddocks, NALGO they were ready to join the national officer, said yesterday 490,000 nurses and midwives and 37,000 paramedical protessional staff in a battle over pay hwich has been exacerbated without problems. by the 18.7 per cent award to

doctors and dentists. clerical workers last took indus-The National and Local trial action in 1974 as part of Government Officers Association the protest movement which led and the National Union of to the setting up of the Hals-Public Employees are among bury pay review.
the leading unions who are ex- They include a variety of

attempts to break a 20-year link with pay to certain grades of civil servants who have received increases of around 17 per cent thia year.

that the unions were determined to maintain the link which in the past had been accepted - Hospital administrators and

pecting a head on clash nyer; hospital staff responsible for Gerard Vaughan, Healt pay for the administrative the smooth running of the ser-group in pay negotiations today, vice, ranging from secretaries above the cash limits.

The unions are angry at what and medical records staff to they elaim are Government regional health administrators. regional health administrators. In the past the senior group has followed the pay recommendations of the Boyle review body on top salaries for civil servants.

> The management is expected to argue today that the recent comparable civil scrvania award waa based on the 14 per cent cash limits with an additional 21 per cent from manpower savings which are not applicable to the hospital group.

> Union leaders of paramedical workers-including radiographers, physiotherapists and occupational therapists — a r e seeking a meeting with Dr. Gerard Vaughan, Health Minister, to press for a pay increase

#### employ him, holding that when he stood as an independent he bad ceased to be a meber of

union's

the

decision was upheld by the The hearing continues today.

panel entitled to retain employ-ment with the union. That

parliamentary

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CHECK-IN

## **Building workers** seek 50% rise for all grades

BUILDING WORKERS voted yeslerday for a 50 per cent wage elaim for both skilled and unskilled grades after a debate marked by obvions concern over the rate of inflation.

The biennial national delegate conference of the Union of Construction, Allied Trades and Technicians, meeting in Bournemouth, called on its executive to demand an inerease in bourly rates to £3 for eraft workers and £2.90 for non-craft workers, weekly rates of £120 and £116.

It called for a 35-bour working week, an extra week's hotlday, an occupational pension sebeme and increosed travel and subsistence allow-

The resolutions on wages, differentials and the common rate were passed against the wisbes of the executive. The composite resolution on wages was prefaced by an expression jected crosion in our standards of living dne to spiralling

Many delegates comptained that the annual wage settle-ment which the union has just eoneluded, stipulating a basic rate to £80 a week for

eraftsmen, was too low. The BL CARS rejected complalots vote for the 50 per cent inlast night from a group nf crease appeared in part a reaction against this settlement. workers who said they were wasting their time playing cards Mr. Les Wood, UCATT

general secretary, defended the settlement, saying that the union had exerted "maximum pressure" on the employers.

"The negotiations with the employers took place against a background of meetings with Michael Heselttne, the Environment Secretary, and John Stanley, the Housing Minister. at which It became quite elear that there would be a recession in the building

industry.

"At the end of the day we may have to accept that the work force in the construction industry may be less than in days gone by." Mr. Wood said that the

resolution imposed a craft differential of only 3.3 per Mr. Steven Pulley, a dele-gate from Acton Branch, London, and mover of the whelming vote with a forceful speech. He said: " If we are to

more would follow. This is part of a drive by BL prove our credibility as a to raise productivity in its 36 union and attract members. car plants closer to the level we have got to take the employers on." of that of Continental competi-

#### Civil Service test **BL** rejects 'wasted case withdrawn time' plea BY PHILIP BASSETT, LABOUR STAFF

By Arthur Smith, Midlands Corresponder

and dominoes in the canteen because of lack of work.

The company said that 120

workers at Drews Lane trans-

mission plant, Birmingham, had

been taken off production lines

as part of a productivity drive. They were based in the canteen

temporarily, but "were being used for maintenance jobs."

The men were retained for a

would be allowed to leave.

executive said last night.

senstble decision in order to

improve productivity," a BL

The management at Drews

Lane wanted to reduce manning

volunteers for redundancy. As

the first step, 120 workers were

taken off production, and 80

agreed yesterday to withdraw their legal action against the Government on disclosure of information about plans to reduce manpower costs.

The general secretaries of all the unions decided instead to aet up a jaint consultative committee with the Civil Service Department to help the flow of information to unions on key questions auch as maopower and pay.

The unions lodged a com-plaint against the Government under the Employment Protection Act after an announcement last December of a cut of 39,000

trial three- to four-week period to establish whether the lines complain), eventually The passed to the Advisory. Concould operate satisfactorily ciliation and Arbitration Service, was seen by the unions as a test case of their legal relawithout them. Assuming success, the employees, who had volunteered for redundancy, tionship with the Government

as an employer. The idea of a joint committee was put forward two years ago. hut the two sides were unable to agree satisfactory terms of

reference. The Council of Civil Service Unions told ACAS it was pre-pared to withdraw the complaint, provided ACAS supplied an observer to assist in establishiog the new body.

The Civil Service Department is likely to insist that there are still areas where the Govern-sporadic one ment will reserve the right to without notice

CIVIL SERVICE union leaders manage th Civil Service as it

general secretaries were told at the meeting of the council's major policy committee of Government proposals for radical reform of the 25-year-old pay comparability

These would bring market forces to bear more directly on Civil Service pay through

regional hargaining.
The more drastic option open to the Government is to scrap rely on cash limits to regulate pay increases. The unions are becoming increasingly concerned that this option is gaining in popularity among Cabinet

hard-lioers.

champagne. A service to

#### Gatemen in dock strike

SHIPPING through the port of Liverpoo were at a standstill yesterday when 253 dock gatemen staged a lightning 24 hours strike in

They are due back on shift at 8 am today but bave warned they will continue to stage sporadic one day stoppages

## Milne union appeal starts

Eddie Milns claimed in the Court of Appeal yesterday that when be loat his seat in Parliament he had been entitled to be re-employed by the shop-workers union.

He appealed against a High Court judge's refusal in Februray last year to grant him a declaration that he should have been reinstated as an official of the Union of Shop, Distributive and Allied Workers after bis defeat in the October, 1974, géneral election.

Mr. Jubn Macdonald, QC, for Mr. Milne, said that he had been a member of USDAW or

1952 be was made area organ-iser for Central Scotland. In 1960 he was elected, under USDAW sponsorship, as Labour member for Blyth, in Northumberland. He was nominally retained as a union employee, but without duties or

salary. At the February, 1974, general election the Blyth constituency party decided not to readopt Mr. Milne as its candidate. Mr. Milne stood as an independer and beld the seat against an official Labour Party candidate, but was defeated in the October, 1974, election. The union declined to re-

## 'Standby police' proposal

shire, said the national steel if there was a need to mobilise strike early this year posed the a standby force when national question of whether a special standby" police force was needed for emergencies.

- He told a conference of chief officers of England, Wales and Northern Ireland in Torquay yesterday he was not, however, advocating a riot police force or

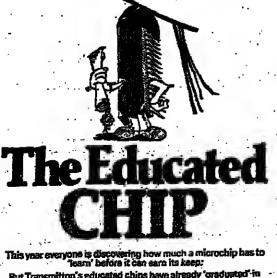
MR. JAMES BROWNLOW, cover the full cost of policing Chief Constable of South York- the national steel strike, and problems arose.

He said that as well as nperating the law, a Chief Constable had to appreciate the feeling of those involved in the dispute.

Before the strike a senior officer had explained to the employers and union leaders how the police intended to Mr. Brownlow noted that the approach their task outh Yorkshire police opera- Mr. Barry Pain, Chief Con-

south total points of the strike cost stable of Kent, told the con-tion during the strike cost stable of Kent, told the con-fe50.000 and involved bringing ference that policing the steel in officers from other areas. strike at Sheeriess for mearly This prompted him to ask 15 weeks cost £380,672. But he whether there should be a believed lawful picketing had national contingency fund to its place in society.

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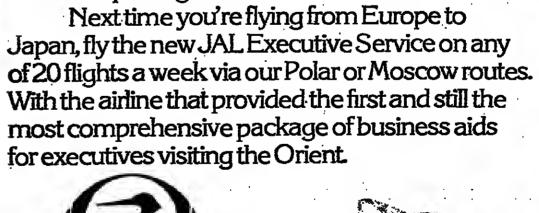
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## Tory peers withdraw on Bill

. By Ivor Owen

BACK BENCH Tory peers beeded Government warnings in the Lords last night and did not press an amendment to the Employment Bill which would have compelled unions to bold secret ballot on strikes and the eection of key officials:

Earl Gowrie, Minister of State for Employment, argued that for Parliament to insist on compulsory ballots would play into the hands of union militants who wanted to launch a campaign against the Bill similar to that which rendered the 1971 Industrial Relations Act ineffective.

He believed that there was already growing recognition within the trade union move-ment of the need to strengthen the democratic process in its decision-making, and the Gov-ernment wanted to stimulate and give further momentum to this encouraging trend.

Lord Gowrie stressed the delicacy of the process and told those peers who wanted to put more teeth into the Bill by making secret ballot compulsory that their action could well have the result of upsetting and thwarting the developments the Government wished to

He emphasised: "We must not alienate moderate opinion

## Thatcher anxious for reduction in MLR

WITHOUT GIVING any indica- year of office. tion of the likely time scale, . The "dreadful policies" which the Prime Minister again made over the past 13 months had it clear in the Commons yester- doubled inflation and left the day that sha was anxious to see country facing the threat of tha earliest possible reduction in the Minimum Lending Rate Mrs Thatcher described high he sald. interest rates as "one of the greatest problems we have at the moment," and revealed that

it was among the matters she bad discussed earlier in the day with Sir Geoffrey Howe, the Chancellor of the Exchequer. The Prime Minister insisted

that it was absolutely vital that the rebates resulting from the cut in Britain's contribution to the EEC budget should go to "reducing the Public Sector Borrowing Requirement and. therefore, to reducing interest

Mr. James Callaghan, Opposition leader, repeatedly called on the Prime Minister to accept that the Government's economic policy had failed and to take the urgent action needed to

argued that there was no need could be given to mammfactur-to wait until July 16, the date ing industry. fixed for the special all-day But the Prime Minister sults of the Government's first to discuss together.

higher unemployment should be immediately reversed,

Mrs. Thatcher, who taunted Mr. Callaghan over the uncertainty surrounding his own future as Labour leader ("you are trying very hard"), assured him that economic policy was regularly discussed

by the Cabinet, After repeating that the refunds from the Community. budget would go to reducing expenditure and would help with reducing interest rates, she invited Mr. Callaghan's support in encouraging wage increases to be kept in line with increases in productivity.

But I do not expect such assistance from that quarter," the Prime Minister snapped. Earlier she told Mr. Stephen Ross (Lib., Isle of Wight) that arrest the decline of Britain's keeping wage increases in line manufacturing industry.

Amid Labour cheers, he was the greatest help that was the greatest help that

fixed for the special all-day But the Prime Minister meeting of the Cabinet when emphasised: It is a matter Ministers will review the refor employees and management

Mr. Ross warned her that the combined effect of high interest rates and the over-valued pound could result in her Premiership coinciding with the greatest decline in manufacturing industry and the greatest number of bankruptcies seen for 100

The Prime Minister reported considerable interest in the location of the new enterprise zones whose creation was announced in the Budget

There had been a lot of applieations and the areas chosen would be announced in the next Mr David Steel, the Liberal

leader, acidly proposed that the Government should commemorate its first year in office by introducing a £1 coin. He pointed out that under

Mrs Thatcher's leadership the value of the pound had continued to decline so that the purchasing power of the 50p piece introduced in 1969 bad now strunk to 131p. The Prime Minister answered

that no consideration had been given to introducing a £1 coin. As for the fall in the purchasing power of the pound, most of thet bed occurred under the previous Labour Govern-

#### Elinor Goodman reports from an industrial constituency

## Test of nerves in Tory marginals

the headline at the top of the last week. Alongside was an equally well-displayed story about a "visitor from Knotty Ash." A story about a local factory closure merited only the bottom of the front page, while the latest unemployment figures for the area, showing an increase of just under 50 per cent since the election, rated a small etory on the back.

Overshadowed as they were in the Nelsoo Leader by the lighthearted stories, It is the reports of factory closures and rising unemployment which will be uncomfortably familiar to those Conservative MPs who, lika John Lee, the member for Nelson and Colne in Lancaahire, represent marginal indus-

Behind them are the frequent cries of anguish from local businessmen about the pincer effect on their trade of high Cumulatively, these stories, and the events behind them, could provide some of the newer Tory MPs with a severe test of nerves before Mr. John Biffen's "protracted winter of discontent" is over:

In Nelson and Colne, the recession certainly does not hit you in the eye any more than the bad news does in the local paper. The two small towns which give the constituency its name exude an air of stern respectability, and even if things really were bad, people are proud enough to want to hide it The streets of back-toback houses, where an unmodernised terrace cottage can still be bought for £3.000. are immaculately clean. The houses look as if their owners (owneroccupancy is among the bighest in Britain) care for them and are prepared to spend money

As local Labour Party workers say, with a sense of, frustration, the majority of people are probably not aware there is a recession—though they are certainly aware of rising prices. Indeed, compared to many parts of Britain, the constituency is not doing badly. Unemployment is about average for the country as a whole at 6.1 per cent. Though the towns grew up in the last century the industry, have lost their around cotton mills, industry is jobs this year.

employment is in the tertile lems. A furniture: factory Coine last week of the Conserva-business. This spread of indus attracted into the area as part tives' traditional supporters try has meant that Nelson and Colne bas not been as badly hit by the problems of the textile industry as some neighbouring constituencies, like Rossendale, which has what John Lee describes as the "donble cross to bear" of the textile industry and the footwear business.

But, as Jobn Lee admits, the seeds of recession are already firmly implanted in the constituency, and could produce some unpleasant fruit over the next few years. Not surprisingly, these problems are most evident in the textile sector, where a combination of what John Lee sums up as "IRI: Imports, Recession and Interest rates," have accelerated the decline of the industry and meant that even companies which once prided themselves on thair efficiency, and invested beavily over the years, have gone to the wall. Stocks bave been and their customers.

#### Black joke

According to one black joke, told last week by a textile manager whose mill was in the bands of the receiver, this bas even created cash flow prob-lems for the "fent men" wbo sell seconds and bankrupt stock. "There's so much cheap stock around, they're having to compate with each other for sales and they can't evan pay yon cash now.

Those manufacturers who eurvive are nervous, Asked last week whether be was still making a profit, one textile manufacturer looked et his watch and replied "as of 9.18, the answer is yes, but don't ask me after dinner."

Mills have been closing at the rate of about one a week since Christmas. Apart from the closure of a Courtaulds plant. which resulted in the loss of about 200 jobs, the number of jobs lost with each closure has not been large. But they probably add up to well over 500 aince Christmas, and many other mills are on a three-day week. Half the members of the Nelson and Coine Union of Twisters and Drawers, one of the multiplicity of unions in

It is not just the textile in-

zentrale- has established its London Branch

own full-service branch by

integrating the present Lon-

don banking facilities of one

of its subsidiaries.

of a plan to lessen the dependancy on textiles is also on a losing their faith in the Governthree-day week. At a businessman's lunch,

the manager of a large packaging company says trade is well down and that he is worried about the last quarter of the year. Already, he admits, be is accepting orders which will give him almost no profit In Nelson's Arndale shopping

centre, the owner of a boutique says business fell away after Christmas an bas never really recovered. This summer, she says, she will not be huying in special goods for her clearance sale: inst selling off, what she's got. At a gathering of landowners in the ???? part of the instituenes an official from tha Ministry of Agriculture says that farmers are not coming forward for garnts.

problems created by the present level of interest rates. In the textile mills, this was accom-panied by a plea for action to. stem the flow of cheap imports into the country. In some cases. people did not really seem to know what precise action they wanted from the Government on imports, except a tightening up of the Multi Fibre Agreement next year. But in much the same way as Tory backbenchers were earlier this year calling for something to be done about public expenditure — without specifying what—tha textile companies were convinced that something bad to be done im-

mediately to help the indsutry. The arguments against import controls used by Mr. John Nott, the Trade Secretary, did not seem to have impressed them at

"We believe in free trade too," said one, in what became a familiar refrain. "But let's bave the other team playing the game too."

Another claimed that unless the Government did something now to protect the industry. Ministers would next year be arguing that since the textile industry was already so rundown there would be no point in protecting it.

But in spite of the passionate sense of injustice which some textile employers bave about the state of their business, and the problems being caused for others by interest rates, there fits into small business.

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dustry which is having prob was little sign in Nelson and among the business community ment's basic economic policy.

One textile manager worked detailing his problems. It bad never been worse for the textile industry, be said. "How can I survive when the Americans can undercut my prices. along with most of the so-called under-developed world, and I've got to pay 20 per cent interest and the value of the pound means I'm losing all my export business? It just doesn't make

#### Venom

Nevertheless, when asked wbether this made bim query the Government's policies, be nat farmers are not coming said with equal venom, that the best reception of the main there was no doubt that the Mr. Wedgwood Benn got far Wherever be went last week. Government was right, and that speakers at last weekend's Party John Lee was reminded of the this was the penalty Britain bad

Local Conservative councillors showed much the same faith in, the Government's ultimate ability to pull the economy round, though they agreed that they had lost the support of some of those who voted Conservative for the first time at the last election.

the party faithful still seemed to be relatively high, bnoyed by a sense of political righteousness. But it was clear in Nelson and Coine that if the confidence of people like this is to be retained, the Government will need to get interest rates mov- gutumn, Mr. Callaghan refused ing down by the autumn at the

Almost as importent, in terms of morale, it seemed, would be getting the rate of public sector pay increases this winter below the increase in the Retall

Other Tory MPs who returned to industrial constituencies last bed its aupport among trade week are likely to bave come unions. to Westminster this week with much the same message. Certainly, loyal Conservative supporters were not calling for growing in strength.
"U-turns" as such in Nelson the core of a fresh and Colne, but there was a in British politics. tendency to talke uphemistically about the need for "flexibility."

And "flexibility" can mean anything, it seems, from import controls to directing bank pro-

#### Callaghan and Benn clash over pay policy

By Elinor Goodman.

MR. JAMES CALLAGHAN and Mr. Anthony Wedgwood Benn again clashed over pay policy yesterday as Mrs. Barbara Castle, the former Labour Minister and long-time opponent of Mr. Callaghan, argued that the time was now right for Mr. Wedgwood Benn to take over as leader of the Labour Party.

In a speech yesterday, Mr. Wedgwood Benn tried to exploit Mr. Callaghan's reaffirmation at tha weekend in his belief in pay policy to attack the Party leader's traditional power base in the party among tha trade unions and to persuade them to support his demands for constitutional reforms.

Unless the unions belp get these reforms through this year's Party Conference, he warned, they could find themselves "chackled" with the kind of pay policy which the last. posed upon them and so conributed to its own downfall.

For his part, Mr. Callaghan, interviewed by ITN, accused Mr. Wedgwood Benn of misinterpreting his words. He repeated his belief that it was essential for the Labour Party to reach an understanding with the trade unions over incomes before the next election.

He was not, he insisted, talk-ing about " shackling " the trade unions, but there bad to be a firm and unshakeable understanding about the criteria for fixing wages and incomes." In his speech, Mr. Wedgwood Benn, who was Energy Minis-

ter in the last Labour Govern-ment, and who bas since the election gone into voluntary exile on the Opposition back benches, claimed that most trade unionists would agree that one of the factors which led to the defeat of the Labour Government last year was the "rigid pay policy imposed against the advice of the TUC and the Labour Party Conference."

In an obvious reference to.

Mr. Callaghan's speech at the
weekend, Mr. Wedgwood Benn said the party was now bearing calls for a new incomes policy to be introduced by the next Labour Government.

Unless the party accepted the "democratic reforms" he was proposing to make the Parliamentary leadership more accountable, the trade unions could be shackled against their consequences.

this was the penalty Britain bad to pay for baving lived beyond ber means for so long.

Conference. Yesterday, Mrs. Barbera Castle sald on BBC1 that Mr. Wedgwood Benn should replace Mr. Callagban as leader of the Labour Party. Wedgwood Benn has

alieneted some of his colleagues in Parliament on the Left by bis recent suggestions. Some for example, are uneasy about the idea that all prospective Labour MPs should bave to In some ways, morale among he party faithful still seemed As the rules of the Labour Party stand, Mr. Wedgwood Benn would beve no chance of

being elected leader. Asked again yesterday wbether be intended to stand for re-election as leader this to answer. But he brusbed aside suggestions that the divisions in the Labour Party were opening

up a gap for a new centre party.
Such a movement, he eaid,
would not get very fer because any political party hed to rest on organised interests. The Labour Party, he pointed out,

In contrast, Mr. David Steel, the Liberal leader, claimed that the Liberal Party was growing in strength to provide the core of a fresh movement In an oblique reference to

suggestions that Mr. Roy Jenkins, the EEC President, might be about to leave Brussels to join such a movement, Mr. Steel made it clear that the Liberal Party was not actively recruiting big names from other parties.
"We welcome the prospects

of more recruits." he said, but it was the volume of converts which mattered, "not their individual distinction." He repeated, however, that

the Liberal Party was ready to co-operate with others sharing its view of what was required.

## No 'windfall tax' on banks this year-Lawson

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE GOVERNMENT has no come down," he said. intention of introducing a Mr. Lawson agreed that there "windfall tax" on bank profits this year, Mr. Nigel Lawson, for taxing the "windfall eleFinantial Secretary to the ments in the profits which for the profits which the profits

Speaking during the committees stage of the Finance Bill. But, he be said that high clearing bank profits were a by-product of the Government's determination to root out inflation by monetary policy. This necessarily meant "high interest rates for the time

The Minister was under pressure from Mr. Denzil Davies, a Labour Treasury spokesma to say what the Government

Chancellor, Sir Geoffrey Howe, ment bad referred to the subject of rates. high bank profits in his Budget speech. Mr. Davies assumed from this that the Treasury was special tax on the banks.

Mr. Lawson stressed, however,

Treasury, told the Commons last the big foud clearing banks. amounted to £1.5bn before tax

> legitimately earned by ana parcase of the hanks this year."
> It was undoubtedly true, he

of quasi-monopoly in the clearers' position. bility of an excess profits tax. But the Government's policies to be squeezed out of the on the banks.

Were directed at getting infla-system. the banks. were directed at getting inflaMr. Davies recalled that the tion down, reducing Governhancellor. Sir Geoffrey Howe, ment borrowing and interest against That would remove the immediate cause of the high

clearing bank profits.

. The Government was examining the feasibility of a strongly criticised, by Mr. Davies and Mr. John Garrett, another Labour Treasury spokesthat be did not share the view man, over the plight of the

They claimed that unless there was a change in Government policy, interest rates would stay up for years to come.

Mr. Lawson, however, maintained that it was "absolutely absurd" that the problems of the corporate sector were new But, he added: "To introduce and were simply the responsia discriminatory tax on profits bility of the present Government. Profitability of British ticular sector of the economy industry had been declining requires a very strong case to steadily for the past 20 years. be made. In my judgment that It was a problem that was incase has not been made in the evitable if inflation was to be cured.

"There has to be a period of said that there was an element squeeze," said Mr. Lawson. "No one wants to see a recession, but this is inevitable if inflation is

"It is an fillusion that the war against inflation can be won without some casualties on the way. We hope that the casualties will be as few as possible." The main way to reduce infla-

tion was to ensure that wage increases were as moderate as possible. It was the rising wage bill that was squeezing profits man high for some time to come, manufacturing sector as a re- to private induty more than any-"I have confidence they will sult of high interest rates, thing else.

## Wales CBI attacks committee

BY ROBIN REEVES

mambers of the Commons Select Committee on Welsh Affairs, of misrepresentation and discourtesy at the start of demanded a public apology. the committee's session yester-

Emrys Evans, the CBI Welsh chairman, said that as reports of their initial evidence, 10 days ago, suggesting some committee MPs felt the CBI was holding ont a bigger begging bowl than other delegation was "a

THE WALES CBI accused complete travesty of the truth." So was the allegation its he said. exidence - lacked - intellectual content. At one point be

In an astonishing attack, Mr. jobs crisis and has been taking evidence from a number of Welsb bodies.

Compromise sought in New Hebrides

## No plan for armed force

AN IRONIC twist of politics in the Commons yesterday saw the Government resisting Labour demands for the use of armed force to maintain law and order. Mr. Peter Blaker, Minister

of State, Fereign Office, was pressed to put down the rebellion in the New Hebrides island of Espiritu Santo. Labour MP, Mr. Christopber

gency debate as well as a Neither was forthcoming. Mr. Blaker sternly reiterated Angle-French support for the

democratically elected Gov-ernment of the islands. He condemned roundly armed insurrection. Britain and France were

determined to safeguard the New Hebrides' territorial integrity, he declared. They were committed to the

independence constitution and were agreed that legitimate authority should be But it had been decided to make a further effort to persuade both sides to settle

their differences in a true spirit of compromise, he "If no progress is made towards reconciliation Britain and France will decide jointly

on what further action to "Weak and vacillating," Mrs. Gwyneth Dunwoody, the Labour spokesman, responded

scornfully.

Why had the Government abandoned its pledges to keep law and order? Where was the police mobile force that the Government had said was ready for action? Had the French Govern-ment made it clear that it would not allow its nationals continue flouting the island's government by this shabby little manoeuvre,"?

Mr. Blaker was indignant—the Anglo-French statement on the issue bad been "very strong," he protested.

The Government had evacuated 1,400 people and sent two military advisers to the scene, Mr. Blaker added,

The committee is investigat-ing ways of tackling the Welsh

"Newspapers invited us to reply to these charges but we thought it would be discourteous while the bearing was in session.

We hoped for the same courtesy,

director, called on the committee to compare the list of measures urged by the Wales TUC. "They would need not a begging bowl but a pantech-nicon," he declared.

but sadly this is not the case,"

Mr. Ian Kelsall, the CBI Wales

Mr. Lee Abse, the committee chairman, reminded the CBI firmly that they were not in a position to ask a Select Committee questions.

BY PHILIP RAWSTORNE

We need to be very careful before we take military action. to ensure that it will be effective.'

Mr. Anthony Kershaw (C. Strond) praised the Government, amid Labour bilarity. for moving slowly and cantiously. Mr. Blaker was gratefuland assured him that the U.S.

Government had agreed to investigate and prosecute any violation of its laws by the involvement in the rebellion of U.S. citizens. Mr. Blaker went on to

assure Labour MPs that such people would be barred from the New Hebrides.

But he failed to stem the demands for action. Tory backbenchers suggested that

Labaur's aggression sprang from the fact that the enemy were armed only with bows and arrows.



Peter Blaker: condemned rebellion

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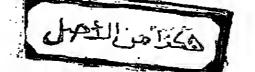


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To allow for inflation, we need to provide much

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After that, whenever the user presents his card-when obtainnology known as Verisign, ing money from a bank or seek-NRDC and the Inter-Bank Re- resultant digit sequence is compared with that on the card he Verisign is based on the idea will have inserted into the

The originators claim that the keys. when nervous or under stress or Verisign is a patented system tired—and the system will not for the automatic verification of reject the customer under such personnel identity by real-time circumstances. The technique analysis of their unique, dyna- baa also been proved with ex-

Latest prototype of equipment, Verisign 2, is microprocessor based and has been designed and ia to be made in the UK by Transaction Security, a British company. It will be aimed at point of transaction checking io government, commercial, financial and indusposition is digitised at frequent commercial, financial and indusintervals; both the geometric trial areas, and offers full and rhythmic properties of the compatibility with modern data communications practice. GEOFFREY CHARLISH

#### **e** HAND TOOLS

## Useful for intricate jobs

with a 3 mm chuck capacity has been introduced by West Hyde Developments for precision work in electronics, school laboratories and model-making. In electronics, says the company, it has particular applications, says the company, it has particular applications, says the company, and company it has particular applications. tion on printed circuit boards and other components, where very fine and accurate control is required.

Called the Titan, the drill has a cylindrical body 114 mm long and 44 mm in diameter. It is supplied with a tool kit, enabling a variety of tasks to be undertaken. In addition to collets and eight twist drills for boring boles up to 3 mm in

A MINIATURE electric drill diameter there are a further 12 assorted tools.

Further accessories available ioclade slitting saws in three sizes, carborundum slitting discs, high speed twist drills in sizes from 0.6 to 1.6 mm and a metal drill stand for vertical or horizontal mounting.

Operating on a 12v DC supply, the Titan can be powered direct from a car battery or from the normal mains supply using a purpose designed power supply. It can be obtained direct from West Hyde Developments, Unit 9, Park Street Industrial Estate, Aylesbury, Bucks. (0296

• HYGIENE

## infection lessened

A BUILT-IN colour indicator on a non-woven wiping cloth fades as the material loses its disinfectant properties and acts as a warning to the user to replace

This British invention combines ion-bonded wide spectrum bactericides with a wiping cloth and could mean the end of separate disinfectants and applicators having to be used for carrying out hard surface disinfection in hospital wards, pathology laboratories, kitchens, lavatoriés, bathrooms, etc.

Disinfection now becomes a simple matter of wetting a Wipex cloth in clean water and applying it over the relevant surface, allowing a controlled release of non-toxic disinfectants on to the surface which are sufficient to kill all harmful bacteria without causing taint, staining or corrosion, says Wipex Products, 17 Weymouth Mews, London W1 (01 637)

The cloth can be used re-peatedly, with guaranteed aafety, says the company, while bold indicator stripes bonded to the bactericides—not the cloth itself—remain visible to show that the disinfectants are present in effective strength.

#### Germs are kept at bay

CONVENTIONAL utensil for the hygienic shovelling of food or sensitive materials is a stainless steal sbovel, which could cost something like £15. Now available is the Steri-sbovel, made of ICI's poly-propylene, "Propatbane," in hand- and full-length versions.

These are said to be practically unbreakable (even when abused after subjection to temperatures of minus 40 degrees C) and can be sterilised in boiling water without damage.

beavy, awkward loads, are less fatiguing to use and bave no sharp edges to inflict damage or personal injury. Most important, they are non-toxic.

since their all-plastic construc-tion renders them less likely to produce a spark, says the maker, Harold Moore (Injection Mouldings).

They are marketed by Ottimo Supplies, 12, Living-stone Mills, Howard Street, Batley, West Yorkshire (0924

**PROCESSES** 

## High speed tablet production

an bour is a range of Korsch specially sealed to prevent cross-Pharmapress 300 tablet presses contamination. making a UK debut at the Inter- Its newly developed dust ex-phex Pharmaceutical Equip traction system is said to com-

Eaton, Nottingham (60676 66153).

surfaces are smooth so that the Pharmapress can be cleaned and serviced easily, and it instrument automatically monioperates quietly (only 75 dBA tors and corrects the tablet even under maximum load) due weight. It is said to be the first even under maximum load) due to the completely enclosed pressing area and anodized tional system for the automatic aluminium windows which are production of tablets within ex-

CAPABLE OF producing up to equipped with double impact tremely narrow tolerances with DOWCI 260,000 pharmaceutical tablets resistance safety glass and fault indication and sorting

ment Exhibition in Brighton, pletely remove press dust at single value control, average point of origin. A sorting point value control, and punch length in the tablet ejection line mance rotary press which has been developed in consultation produced during adjustment, with I, Holland, Meadow Lane, starting and stopping of the lengths are machine, as well as during production, in combination with the Inner and outer machine Pharmakontroli electronic control instrument

When fitted to the press, this computer controlled propor-

**Ensures pure water** RECAUSE ULTRA pure water supply the boiler, in addition to is required by today's process industries for use in boiler feed waters, food manufacture, pharmaceuticals, etc., it is necesthe new water supply charges.
Once used, this water is seldom recycled for fear of the consequences of contamination, and is thus released, incurring sary to earefully monitor the organic carbon contamination in order to justify recirculation of more costs in disposal of what can be purer water than originally available in its raw state. this precious commodity, says ally available in its raw state.

Phase Separations, Deeside A continuous determination
Industrial Estate, Queensferry, of extremely low level organic contamination such as oils, fats, High pressure boilers, for etc., can be provided—resulting example, demand water with a in vast savings on water quality etc., can be provided-resulting

minimum organic carbon con-tent, and industry suffers the organic carbon analyser, the cost of producing such water to PROTOCsin, says the company.

#### PACKAGING

Clyd (0244 816444).

#### Getting the right label

applications. They are important for product and weigh price marking, packaging and despatch, identification systems, computer labels, mailing lists and industrial uses.

They are capable of bandling not been a convenient reference bandbook to which the current and potential label user could consult for information about label printers and converters, TREES, branches and bedgerow materials suppliers, application Sterishovels are also suitable machinery manufacturers - or for use around petro-chemical for details on who produces installations, and on oil tankers, what in the way of product what in the way of product coding, computer, on-roll container and weigh price labels.

pliers in the UK" at a special immediate post publication price of £5, including p and p (£7.50 later) from Labels and

VITAL PART of a company's Labelling Publishers, 10, Toroperations today is the use of rington Drive, Potters Bar, labels in a variety of forms and Herts (Potters Bar 56828).

#### AGRICULTURE

## Until now, bowever, there has Chips for

cuttings up to 9 in diameter can be reduced to chips for use as a fuel for many types of heating apparatus by means of a unit which can be driven from the power take-off of a tractor.

Holder Road, Aldershot, Hants. years. (0252 316661).

out to the oil rigs NORWAY'S Aker shipbuilding

point control.

control tape.

room if required.

TRANSPORT

Quick run

printer are mounted in single

instrument housing adjacent to

the rotary press and can also

be installed outside the produc-

tion area in a separate control

has designed a new kind of high-speed passenger vessel industry is a new profile knife-which it claims could rival heli-grinding machine from Autocopters as a rapid means of transporting personnel to and from offshore installations. The new craft, called Aker OPT (Offshore Personnel Transport), is a cross between a semisubmersible rig and a catamaran. It has been successfully tested in model scale at Trond-

be covered in just over six hours. For the OPTa 400 passengers, the journey would take 61 hours, including the time taken to transfer them to the offsbore installations. For stabilising fins would ensure a

Smooth ride.

The OPT design is so flexible, Aker says, that it could be used in combination with several of Safety Aker says, that it could be used in combination with several of the systems now being developed for transferring per MARTINE TOOLS Trade

pontoons. It would be 50 metres Demand can be met now with the publication of the first-ever directly into trailers on storage room for such facilities as a Road, London W2 (01-402 6674). The publication of Labels and Label-areas and it is possible to proling—manufacturers and suppliers in the UK" at a special hour. Details of the machine hour. Details of the machine liminediate post publication and obtained from Exerce, between 18 months and two lifeting and bandling, installation of the machine lifeting and bandling installation of the machine lifeting FAY GJESTER tions.

#### . IN THE OFFICE Calculator has more

NEW CONSTANT memory faci-To analyse press data, the Pharmakontroll can also be lity of a hand held programmable calculator allows it to equipped with a print out for retain data, program steps and memory partitioning information even when the unit is turned off amounces Texas Instruments, Manton Lane, Bedford (0234 67466).

Programs and data can be correct. Where pressing variastored indefinitely and are Easier to instantly available, thus elimitions occur, data is automatically printed out on to a nating the need to re-enter The Pharmakontroll unit and

programs, or up to \$0 data memories. Called the II 58C. it offers the user the flexibility to select a broa variety of combinations by partitioning of memory to illocate available resources between program steps and memory registers.

Retail price is under £100 (inc VAT).

#### METALWORKING Shapes lathe

and offshore fabricating group OFFERED TO the woodworking matic Grinding Machine and Engineering Company, Padiham Road, Sabden, Blackburn, Lancs. (0282 71838).

Latest addition to the company's Autool range of profile grinders for shaping latha knives while mounted in place on their cutterhead, heim University's ship model machine includes advanced design features which facilitate testing basin, but Aker will not reveal what scale model was blanking and regrinding of the

Service speed will be 26 It also includes twin inter-knots, permitting the distance changeable heads to rough and fluish grind at one setting, and

somel from ships to rigs.

Association has just issued its
The craft would-be powered latest code of practice, "Safeby two gas turbines—one in guarding Drilling Machines," at each of its two streamlined a cost of £7.00 (incl. p and p), a cost of £7.00 (incl. p and p), available direct from MTTA

#### Atlas Copco compressed air systems A force you can turn into profit.

Atlas Copco

## HANDLING programs manually. The calculator has ap to 480 cope with garments

PARTICULARLY SUFFED to the clothing industry for pro-duction of garments where machinists can readily remove and easily replace single gar. ments on a coathanger—with or without the use of a diabolo roller, dependent on the applironer, nependent of the application—is a conveyor system which relies on only one rail.

Using a simple hook on diabolo wheel with a multitude of carriers, it can be fed on automatically or by hand and has been designed to ensure anti-contamination of the pro-ducts carried, says Midland: Handling Equipment, Stretton Road, Great Glen, Leicester (053759 3175).

Called the Railmaster, it has a carrying capacity of up to 56 lb and is suitable for any application where not only are goods to be transported from A to B, but also need to be transferred from and on to live atorage rails, without the normal requirement of a twin track

#### MATERIALS

#### Coating cuts corrosion

NEW, ONE-PART liquid coating material called Prodorite MC9 has been developed to meet the needs of the electrical industry. needs of the electrical industry for a one-drip rapid-cure weatherproofing solution for encapsulating small electric motors, etc., announces Pro-dorite, Eagle Works, Wednes-bury, West Midlands (021 556 1821).

· Consisting-of polymers in a mixed aromatc and ketone solvent, it air dries to produce a tion and maintenance instruct and actuators for pop-up headlamps.



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## THE MANAGEMENT PAGE

## Why foreign companies are beating a path down Mexico way

William Chislett looks at the potential for joint ventures in Mexico and outlines the experience of Britain's GEC

THE RUSH is on to establish joint ventures in booming, oil-rich Mexico. New foreign investment this year is officially estimated at U.S.\$1.2bn, a 48 per cent rise over last year's \$810m—a clear sign of the international stamp of approval now being given to Mexico.

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garments

Business executives are filing through Mexico City in an endless procession to seek out the possibilities of setting up joint ventures. So great is the flow that at times the offices of the foreign investment committee in the industry ministry. Western embassies and lawyers' prac-tices seem like New York's Grand Central Station.

But setting up a joint venture is no easy matter, as many companies are discovering to their dismay. As in all developing countries, the bureaucratic hurdles in Mexico are formidable, the time and effort needed. Sir Arnald Wainstock, is considerable and the culti-vating of contacts can be exasperating.

Furthermore, Mexico will not pursue an "open door" foreign investment policy. More often conceived ideas, these are thing else. The ecc quickly dispelled in meetings highly protected. with Mexican officials.

Few countries are as Mexican economy is a highly nationalistic as Mexico, living as sensitive political issue. The it does in the shadow of the U.S., its traditional foe. The exceptions to the law, which towards foreign companies since limits foreign participation in Mexico is blessed with oil. This a joint venture to 49 per cent, year the oil export revenue can be counted on the fingers from Pemex, the State oil of two hands.

The period of the fingers from the fingers from Pemex, the State oil monopoly, could be as high as



to Mexico filled him with enthusiasm

The Government recently re-General Agreement on Tariffs than not businessmen arrive in and Trade (GATT) as much on Mexico with surprisingly misconceived ideas; these are thing else. The economy remains

Foreign participation in the afford not to be more hospitable

\$11bn compared with \$3.8bn

Nevertheless the restrictive foreign investment policy is not discouraging the formation of joint ventures, although foreign businessmen are finding that there is not a great supply of suitably experienced partners. There are few economies in the world today which are growing by 8 per cent a year in real terms, as Mexico's is forecast to do this year for the secood year

running.
The other substantial carrots are political stability and very attractive financial inducements. There are no restrictions on tion of capital and convertibility of exchange.

Domestic fuel prices are also heavily subsidised. For example, top grade petrol is 37p a gailon and its price has not risen since

Examples of British Invest-ment include Fletcher and Stewart, part of the Booker McConnel Group, which recently started a joint venture in sugar production; the Weir Group last year established a joint venture to produce steel castings; Dale Electric is in the process of establishing a joint venture to manufacture generator sets; Incheape is lo a similar position for a joint venture trading company and Dowty Mining will shortly sign an agreement to make roof supports for coal

investment potential is illustrated by the fact that this week the CBI, the British of Commerce in Mexico, Nacional Financiera, Mexican Government's development bank, and the Mexican industry ministry are holding a conference in London and Birmingham to discuss busi-

ness opportunities in Mexico. Possibly the most interesting presence in Mexico and one which is a pointer to the tremendous potential for foreign participation in the Mexican economy is that of GEC, the giant British engineering and electronics company.

Many of the 181 companies discussions for possible joint number the GEG umbrella bave done substantial business with motives, traffic equipment, pre-Mexico over recent years, par- fabricated health clinics for ticularly Ruston Gas Turbines rural areas and low pressure which has had a joint venture sodium lighting—all bigh supplying studio equipment for importance of having a man on TV channels and GEG Medical the spot who can fly the com-Equipment sells X-ray appartus, pany flag and establish contacts, sides explicitly spells out the cent level. Prior to that com-GEG has several agents for different parts of the group who, until recently, all tended to act independently of each other and some of wbom did not know each other. This inevitably led to confusion in the Mexicans'

companies are allowed in petroleum and basic petrochemical industries. Other sectors reserved either for the State or for Mexicans are electric energy generation and distribution, telecommunications, railways and radioactive minerals. Only wholly owned Mexican business enterprises can operate banks, insurance, bonding, and investment companies, TV and radio stations, and freight transport. In mining in the national reserve areas, the maximum foreign participation is limited to 34 per cent. mind, aince several agents from "Mexicans now at least know financial arrangement

GEG would sometimes he pur- wbat GEG is." be says. A vital element in a successful joint venture is what can only he described as the "chemistry" mately reporting to the same hetween the two partners. It is like a marriage and the clicbe is more valid in Mexico than in GEC's managing director, Sir Weinstock, visited most developing countries.

suing the same client for dif-

ferent husiness but all ulti-

At the beginning of 1979

Mexico after receiving reports

about the Mexican economy

which whetted his appetite. Sir

Arnold had a series of highlevel meetings with the public

and private sector and came

A few months later GEC

decided to have a corporate

whose role would be to act as

a liaison for the different sec-

tions of GEC. He would identify

the areas where joint ventures

could be established, and put

In July GEC will establish a corporate joint venture with leading private and public

identified. These same organisa-tions or Individuals bave been

picked so that they can go on

to form joint ventures with the

In the year since Godd, pre-viously chalrman of GEC Trans-

portation Projects, came to

Mexico, he has set in motion

concerns, as yet un-

the two sides in touch.

different parts of GEC.

man-on-the-spot," Harry Codd,

eothusiastic about

corporate company.

Mexico's potential.

Arnold

Gompanies have failed make it to the altar because of irreconcilable differcoces and some joint ventures are set up only to run into difficulties soon after the wedding.

#### Domiciled

cbant banker.

In order to minimise this risk, companies need to have an executive domiciled in Mexico Gity to prepare the groundwork and sound out poteotial partners. It also pays to lure the chairman of the company to Mexico to do some of the courting of the Mexican partner. "Mexican husinessmen do like be courted, hut not too blatantly," said a British mer-

Lord Welr, chairman of a leading Scottish engineering group, went fishing for three days in the U.S. with his Mexican counterpart after the initial contacts had been made at a much more junior level. Subsequently a joint venture

The main problem in joint vetures, say well established law firms like Goodricb, Requelme and Associates, the only Mexican company with permanent maintenance facility in Mexico growth areas where Mexico offices in Paris and London, is for several years. Marconi has needs technology.

GEG's example illustrates the panies are limited to 49 per cent it is very important that since the foreign investment

Also a generous allowance

cost, otherwise when problems are encountered the Mexican with finaocial support and, for the sake of its reputation, the foreign partner is left with the hurden of pumping in the extra

working capital. guarantees built in to their contracts. These should include bond" safeguards that no significant decision can be taken without

minority agreement and that neither side can sell shares without first offering them to the other and at a price previously agreed upon. If the foreign partner does not receive permission to increase his capi-— which he will not — then he should have the right to have a say in who will he the new Mexican partner. It should also possible for a foreigner to bold the job of general manager

and other key executive posi-

tions. Generally the Government is Inflexible about allowing foreign companies to bold more than 49 per cent of a Mexican company. This is so even when a company fulfills all the law's requirements about the number of jobs, percentage of exports, bringing in technology—which is much needed—and setting up

the country.
It is understood that there have heen 16 exceptions made

panies could be 100 per cent foreign owned.

However those which set up before the 1973 law—which is not retroactive are invariably allowed to expand their existing operations without having to "Mexicanise." But new (post 1973) companies bave to stick to 49 per cent. There is, however, one way

investment policy, companies establish a 100 per cent owned are advised to bave certain guarantees built in the state of t to set up what are called "inindustries, which are able to import duty free. But exclusively exportorientated and cannot become involved with the attractive, market.

> In order to encourage the creation of johs and boost exports, the Government allows 100 per cent foreign ownership if a company hrings in over 60 per cent of its imports and reexports its total finished product output.
> "In-bond"

"In-bond" companies are almost all located near the border with the U.S., although they can be set up anywhere in the country, because the U.S. is both the source of the great bulk of imports and the major export market.

Companies in the "in-hond' sector will contribue an esti-mated \$1.3bn to the Mexican economy in value added re-

Very few non-U.S. companies are in the "in-bond" sector, but Japan is beginning to make inroads. Matsushita is setting plant; a Sony plant came into operatioo this year and Honda is studying the idea.

BUSINESS PROBLEMS BY OUR LEGAL STAFF

#### Importance of **VAT** receipt

I was quoted £432 for a gas boiler including £32 VAT—but the vendor (a registered VAT trader) offered to supply it for £366 on an uninvoiced cash basis enabling bim—he said—to avoid VAT "etc." Then some eighteen months after my purchase I was informed that the transaction bad been passed through the vendor's books and VAT paid. On learning this I asked for a receipted VAT involce covering my payment of £366 but this has been refused. Can I insist on being provided with a receipted VAT involce which I am anxious to have as confirmation that the matter has been regularised with Customs and Excise and as a document of possible use when I shortly endeavour to resell the boiler? You overestimate the importance of receiving a VAT invoice. If you wish to sell the boiler which you bave purchased, the purchaser from you will not be concerned as to whether the supplier to you had correctly dealt with VAT. This is none of his concern. All that he will be interested in is that From a technical point of view, the only person who can insist on a VAT invoice is a person who is registered for VAT him-

#### Valuation cover

I am in the process of setting up a small husiness which involves "restoring" old or autique items, mainly glass, the exact value of which is difficult to determine.
Until I arrange insurance

once I know the extent to which I should be covered—I obviously wish to limit my liability should breakages occur. If I ask clients to sign a form on which they have given their own valuation, could you please tell me if (a) ment of the value would be beld as hinding, or could an external valuer be brought in after breakage has occurred; (b) the customer could change his valuation of the Item over a short space of time (two to three

If your form expressly states that liability is limited to the lower of the true value fand the customer's valuation stated on the form, you would not be liable for a revised value, or for the true value based on a third party's valuation unless that were less than the stated value.

occepted by the Financial Times for the onswers given in these columns. All inquiries will be onswered by post as soon as possible.

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## The IMF's role in recycling

BY DAVID MARSH

CALLS FOR the International Monetary Fund to boost its lend-ing have been proliferating this year, estimated at some \$60bn, year as soaring oil prices and looks horrifying enough .comemergent recession in the West push the debt-ridden develop in 1974-75 after the first oiling countries deeper into crisis. But adjusted for luffa-

The exhortations normally come wrapped up with warnings of doom around the corner. The international banks say they are no longer willing to maintain the momentum of lending to the big Third World borrowers ponds quite closely with the unless the official institutions play a greater role.

Even the IMF itself is now casting around for new re-

#### **Predicament**

Very likely there will be an increase in IMF lending over the next year or so compared with the recent pitifully low levels. But it is well worth underlining that the financial predicament of the non-oil lessdeveloped constries (LDCs) :s not quite as black as conventionally painted. Their readiness to run into the arms of the IMF-and to pay higher margins on leans from commercial banks—may be somewhat lower than stability-minded members of the financial establishment would like.

The first point to note is that the calls for the IMF to do more lending are hardly new. As long ago as January 1977, Mr. Gordon Richardson, the Bank of England governor, for instance, was telling bankers in London that "official facilities will have to be used more widely." He has since repeated this view on several occasions, in strikingly similar terms.

In the meantime, of conrse, the Fund - on a global scale, at least - has been rather inactive. Deficit countries have more quickly and without conditions (though not, it should be noted, more cheaply) from the ever more liquid Euromaring during the past three years.

line is the shakiness of the battlegrouod LDC debt has been fought.

\* Indicates Programme

BBC 1

6.40-7.55 am Open University

(Ultra high frequency). 9.35 For

Schools, Colleges. 11.25 You and

Me. 11.40 For Schools, Colleges.

1.15 pm News. 1.30 Heads and

Tails. 2.01 For Schools, Colleges.

3.53 Regional News for England

except London). 3.55 Play School

(as BBC-2 11.00 am). 4.26 Heyyy,

It's the King. 4.30 The Record

Breakers. 4.55 John Craven'a 11.10 News Headlines.

F.T. CROSSWORD PUZZLE No. 4,288

The combined current account pared with the \$25bn to \$30bn tion (running at an average 10 per cent a year within the OECD area during the past five or six years), the deficit this year will be only around 25 per cent higher in real terms than in 1974-75. That correslarger LDC economies during

To help cushion the impact sources to meet an expected of this year's (and next year's) far greater volume of foreign exchange upon which to draw than in 1975. They have used the liquid borrowing conditions large increases in reserves, which totalled nearly \$80bn at the end of last year against only \$29bp at the end of 1975 (up by 100 per cent in real

> These increases in reserves have largely been redeposited with the internstional banking system. As a result, the net liability position of the non oil ldcs with the Euromarket hanks, at \$70bn according to the latest figures from the Bank for International Settlements, is much lower than their gross indebtedness of nearer \$160bn. It has also been growing more slowly-about 12 per cent a year in real terms since 1975. Significantly enough, almost the whole of this net lending is concentrated on four countries -Brazil, Mexico, the Philippines and South Korea.

#### No panacea

Thirdly, it should not be assumed that bankers can cease inactive. Deficit countries have to worry just because the been able to raise large loans borrowing country has accepted the IMF's conditions, Recent events in Korea are instructive. IMF officials were delighted earlier this year when they perket. As a result, repayments suaded Seoul to come early to to the Fund of past loans bave the Fund for a substantial the Fund for a snbstantial standby credit. After last month's rioting, however, it is The second point to under- a safe bet that international bankers place the Fund's seal of approval rather low down the go to post as favourite. which much of the debate about list of factors affecting the Korean credit rating.

5.35 The Wombles.

6.20 Nationwide.

Zavaroni.

FL E. Bates.

9.00 News.

10.20 Sportnight.

Assault On A Queen,"

starring Frak Sinatra.

9.25 A. Moment In Time by

5.40 News.

## High season for the iris

should be keeping an open eye. choices. I have also seen a fine By mid-July champs of iris will run of the violet-blue Swan be ready for division; so if you see a good one in flower, mark it and try to beg a piece from its owner by teiling him, truthfully, that division will be good for his old chump. You only need one rhizome with an accompanying fan of leaves. Most nurseries send out miserably small bits of iris at a high price because the postage and packing are prohibitive.

You will save two years and your money by swapping pieces with your friends. They are best divided in mid-July not immediately after flowering as many books advise. By then, their roots have had time to build np to their greatest strength. In small gardens, however, irises pose two problems. Their

take up too much room. They are happier in sun, not shade, so the room which they occupy is the best in the garden. Hence modern gardeners are becoming shy of planting too many of them, a bahlt into which I, too, have fallen. But there are ways round each of their disadvan-The season is easily extended

not just by planting a wider range of the iris's many varieties, but by interplanting in the beds themselves. You can easily grow a surface-rooting annual between iris clumps if you give

choices. I have also seen a fine River Daisy, that neglected annual, used as filling between Sunshine. It contrasted well with the firm line of the iris should stop your clumps of iris

There is less labour, however, in an interplanting of two blueflowered percunials, each of you will be more worried about

notil autumn.

the prince of yellow irises, the more concerned to keep weeds split up into many flowering out, for which you can use a clumps.
weak solution of simazine in They leaves out of season. You a brand such as Weeder on the bare patches between the iris encroaching on each other, clumps. If applied on wet preferably by giving pieces ground, it will block out most away to other FT readers. setting the irises around it.

If you have a smaller border, which can be raised by the hun- loss of space. In order to save

#### **GARDENS TODAY**

BY ROBIN LANE FOX

dred from packets of seed. The yourself room, 1 would direct plain blue flax is about to you to V. H. Humphreys, 8, until August and can be grown ham. easily in the dry spaces between irises where its light leaves and slender stems sit very prettily. The more you plant, the more they will seed themselves after a year. Like the iris, the flax likes sun, lime and light soil.

The various blue forms of solid when in flower but just as good and extend the season well into July. They, too, have the shallow root system which with almost any other, and I can run freely through the mats still think that the recent flood

Mr. Humphreys is the king of small iris growers in this country. His recent exhibit at country. His recent exhibit at put classes of iris grow six the Chelsea Show brought him inches and a foot high respeconce again to a wider andience, from 6 mches to 2 ft.

with these smaller sorts than bred in the UK to the most ele-with almost any other, and I gant shape and combination of

THE NEXT two weeks are the it water at first. Night-scented of larger irises. An annual like of American novelties has not high season for the iris. They stock and the deep blue the small yellow and white Limy yet filled a good market are also weeks in which you placelia are two of the best manthes could keep things going Novelty and a small demand keeps the newest varieties to £5 Obviously, you will not bother a plant, but there are older with these fillings if you have a ones for 40p upwards and even large iris border. You will be a brand new one can soon be

> They are very easy to grow. They like a sunny, dry place, lime and a position which allows their mat of rhizomes to rest on the surafce of the soil. weeds for a season without up- Do not bury them, but anchor them, rather, by their roots so that they are exposed to the sun. Otherwise their flowers will be fewer.

If you are planting irises for the first time, inspect a clump in a good public garden and check how you should rest the rhizome on a flat saddle of earth down either side of which the roots can extend deeper into the soil. If you do not know a good public garden, you have begin its long season from June Howbeck Road, Arnold, Notting- my sympathy, but you should swallow your pride and ask a friend to help.

The small bearded and lilli-

tively. Anybody has room for though it may have escaped the them but few gardeners bave crowds that there was such vet woken up to the colours good value in his stunted which have been developed here Companula persicifolia are more varieties of border iris, ranging in the past 12 years. At Chelsea. 1 was impressed by the new Breeders have been busier Blue Pools, a variety which was



Two examples of the iris.

each it has to be good.

the ruffled flowers of Tinkerbell were all worth a place. You can mass these as edging plants front garden. The pick of them alf is Green Spot, now only 40p and extremely free with waxy white flowers which are marked with pure green on the beard.

depth of the red.

not surprised to find Mr. two feet. Mr. Humphreys Homphreys list remarking that described Day Star as "a cute "a clump of this variety is a little rand" in the creammas of laughing eyes." At £2.50 coloured range, but that should ach it has to be good. . . not deter you from other Among older bines, I thought splendid varieties such as Lode the early-flowering Araold star which combines scarlet and Velvet, the clear Blue Denim and yellow or Parakeer which pairs buff and orchid-pink. In the front of a border these varieties make a strong impact or place them in the paving of a in the weeks before the roses. Afterwards, you can train violas and some late lobelia around their clumps and hardly notice the gap.

H you think, then, that Good reds, as yet, are harder trises are too large and too to come by, but Cherry Garden short-lived to be worth while, is at least as good as the newer you are still living in the 1930s. attempts. It has large flowers in fact, these smaller groups but there is no mistaking the are still wide open for breeders and marketers and there can These smaller varieties are hardly be a reader's garden bred in the UK to the most elegant shape and combination of group of table varieties which for an interest in their new white with a blue spot. I am stop conveniently at a height of potential.

## Garrido shows most appeal

refused to race when swerving favoured. at Folkestone on Monday, was the only absentee at the final far-from-inspiring Derby. Although the colt's non-

appearance has reduced the field to 24 and possibly lessened

> RACING BY DOMINIC WIGAN

the chances of serious interference being caused in the early stages, the race could hardly look more open. Indeed, such is the divergence of opinion over the likely outcome that any one of three colts-Henbit.

Nikoli and Monteverdi-could

My own guess is that Nikoli displace the long-time

HEATH HOUSE, a maiden who market leader, Henbit, officially on his seasonal debut. But he In spite of the solid claims of

the last-named pair (something Greffulhe and the declaration stage for today's that can hardly be said of Backers are probably hest advised to search for win and place value among those outsiders with realistic hopes.

> and Garrido. Rankin, whose dam, Cup Cake, won on the level in France before scoring over jumps, caught my eye with Predominate Stakes won by piece of work. Prince Bee at Kempton. Garrido is one of the most

difficult in the field to assess. An impressive winner of a newcomers' event over a mile at Saint-Cloud on his sole appearance, Italian-bred colt showed nothing

produced vastly improved form in the Longchamps Prix Greffulhe and the Italian that can hardly be said of Derby. Fifth and the faslest Piggott's mount Monteverdil, finisher in Paris when a 33-1 the race looks difficult to solve. chance over a trip short of his optimum, Garrido made no mistake in Rome.

Francois Boutin, without doubt one of the greatest post-The two I have most regard war trainers seen in France, for in that category are Rankin would not he saddling Garrido were be not confident of a prominent effort. Further en-conragement can be had from the fact that he was more than a spirited display in the satisfied by his colt's final fast

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11.55 em Cartoon Time. 1.20 Calendar News 5.15 Survivul. 6.00 Calendar (Emlay Moor and Salmont editions).

#### Cartoon. 1.20 pm Granada 11.00 SWAT.

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RADIO 2

5.00 sm News Summary. 5.03 Ray Moors (S). 7.32 Terry Wogen (S). 10.03 Jimmy Young (S). 12.03 pm David Hamilton (S]. 2.03 Derby Opecial with Ed Otewart and Isla St. Clair (S) including 2.35 Only Mirror Handrap Stakes: 3.35 The Oarby; and 2.45, 3.45 Sports news. 4.03 Much Mora Music (S). 5.00 Nows. 5.05 Sports Desk. 10.02 Punch Line. 10.30 Hubert Gregg says .Thanks for the Memory. 11.02 Sriam Matthew with Round Midnight, including 12.00 News. 2.02-5.00 am You And The Night And The Music (S). RADIO 3

RADIO 3 \$6.55 am Weather. 7.00 News. 7.05 Your Midweek Choice, part 1 (5), B.00 News. 8.05 Your Midweek Choles, pert 2 (S). 9.00 News. 2.05 This Week's Composer: Schumenn (S). 10.00 Music For Organ (S). 10.45 John

Shappard concert (2). 11.30 Middey Concert, part 1 (5). 12.10 pm Interval Reading. 12.15 Concert, part 2. 1.00 News. 1.05 Concert Hall (0). 2.05 Masic Weekly (6). 2.05 Fifty Years of British Music (5). 3.45 88C Northern Symphony Orchestre (5). 4.55 News. 6.00 Meinly For Pleasurd (9) (# and mono only from 0.20). 7.00 Music Now: A study of Benjamin Britan. 7.45 Havergel Brien on record (0). 3.20 6is Continents. 8.40 Debussy and Ravel plang and violin recital (6). (u). a.zu 619 Continents. 8.40 Debussy and Ravel plane and violin recital (6). 8.40 A Musical Remble (S). 10.00 Music In Our Time (S). 11.06 News. 11.05-11.16 Schumenn (S). VHF only—Open University, 6.00-7.00 11.16 Schumen (S). 11.06 News. 11.05-11.16 Schumenn (S). VHF only—Open University. 6.00-7.00 5m and 6.20-7.00 pm and for Soottish students only 12.00-1.06 am.

RADIO 4 RADIO 4
a.00 am News arising. 6.10 Farming Today. 0.25 Shipping lorecast. 6.30 Today, including 6.45 Prayet for the 08y, 7.00, 8.00 Today's News. 7.30, 8.30 News headlings. 7.45 Thought for the 0ey, 8.35 Yesterday in Parliament. 2.00 News. 9.05 Mid-week With Russell Herty. 10.00 News. 10.02 Gardensmi Question Time. 10.30 Daily Service. 10.45 Story Time. 11.00 News. 12.02 pm You And Yours. 12.27 Just A Minute (5), 12.55 Weether: programme news. (S) 12.66 Weather programme naws.
1,00 The World At One. 1.40 The
Archers. 1.55 Shipping forecast. 2.07
News. 2.02 Woman's Hour. 3.00 Naws.

Afternon Theatre (0). 4.00 Choral Evansong (S). 4.45 Short Story. 0.00 PM News magazine. 5.50 Shipping Igra-PM Mewa magezna. 5.59 Shipping lore-ceat. 5.55 Wenther, programma news. 0.00 News. 6.30 My Music (S). 7.00 Newu. 7.05 The Archars. 7.20 Check-point. 7.45 Person To Person. 2.45 Fils On 4. 9.30 Kolgidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 The Jacon Explunation of Show-business (S). 11.00 A Book At Bertune. 11.15 The Finencial World Tonight. 11.30 Today in Partiament. 12.00 News. BBC Radio London

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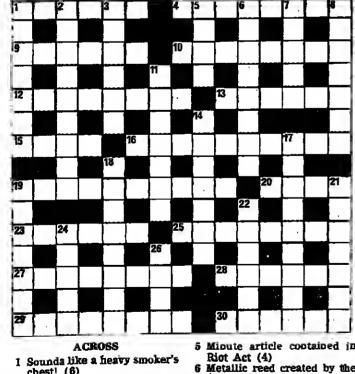
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4 Sound of bell in fight (44) 9 Three times as much gas in a moment (6)

10 Stable I must take on for horse (8) 12 Permit to transfer wine (8) 13 Hoop in iron border (6) 15 Protective garment used in blow from the west (4) 16 Fills up cash-register with-

ont moving (5-5) 19 Precious metal edge used in 20 Split in direction before the 21 The most cunning river a joint (10)

finish (4) 23 Not at home with a clique from the start (6) 25 Cessation of work to check huttono (8)

27 At a former time finished a scrutiny (44) 28 Partition off something that's great in the U.S.A.

29 Cruel fish I destroy within 30 Herb or atiff grass around the north-east (6)

DOWN 1 Dupe a pussyfoot (4-3) 2 Anticipate everyooe following Nottiogham F.C. (9)

3 Expect to change and leave

would-be rich (4-4) 7 His belt has three stars (5) 8 Well-bred chap going to 11 Demonstrate in favour of important match (7) 14 Acrimony involved in city aid (7)

17 Dwelling upon it and eastern leader's allowance (9)
18 County town of cattle (8) 19 Exhibition cancelled ostentatious person (4-3) nuisance (7)

22 Joint left in spice (6) 24 Goddess in empty chest (5) 26 Where troops eat in disorder (4) Solution to Puzzle No. 4.287



11.12 Target.

12.02 am Weather / Regional News.

12.03 Plus FT Index. 1.20 Thames Reports. 5.16 pm How's Your Father?

12.04 Reports. 6.30 This is Your Hight. 11.00 The Wednesday Film. Newsround, 5.05 Huntingtower. 11.12 Target.

Cymru / Wales - 5.55 - 6.20 pm 6.45 The Wednesday Film: Wales Today, 6.45 Heddiw. 7.15 Ask the Family. 7.40-8.30 High Chaparral. 12.03 am News and 8.30 Lena, starring Lena Weather for Wales.

Scotland 1.10-1.15 pm The Scotland 12.02 am News and Weather for Scotland. Northern Ireland-3.53-3.55 um Northern Ireland News. 5.55-6.20 Scene Around Six. 12.02 am News and Weather for Northern

England - 5.55-6.20 pm Look East (Norwich); Look North (Leeds, Newcastle); Look Northwest (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton): Spotlight South West (Plymouth).

BBC 2 6.40-7.55 am Open University. 10.20 Gharbar. 11.69 Play School

4.50 pm Open University. 6.55 Swim. 7.20 Mid-Evening News. 7.36 Dance Month.

8.10 Reputations. Robert Kenpedy: The Last Best Hope? 9.90 Midweek Movie: "The Abdication, 6 tarring Peter Finch.

10.40 Cartoon Two. 10.45 Newsnight 11.30 Open Door.

LONDON 9.30 am Schools Programmes. 11.55 Barney Google and Smuffy Smith. 12.00 Cloppa Castle. 12.10 pm. Rainbow. 12.30 Camera: Early Photograph. 1.00 News.

5.55 Nationwide (London and All Regions at BBC-1 except Bunch. 5.45 News. 6.25 Help!

6.35 Crossroads. 7.00 The Plank. 7.30 Coronation Street. 8.00 Arrival 2. 9.00 The Mexicans (report

from John Pilger). 10.00 News. 10.30 Shelley. 11.00 "The Savages," starring Andy Griffith. 12.25 am Close: Personal choice

with Denise Coffey. All IBA Regions as London except at the fellowing times:-ANGLIA
1.20 pm Anglis News. 5.15 Barney
Miller, S.00 About Anglis, 11.00 Motorway, 12.00 Police Burgeon, 12.30 sm

ATV 1.20 pm ATV Newsdesk. 5.15 How's Your Father? 6.00 ATV Today includ-ring Police Fivs. 11.00 ATV Newsdeuk. 11.05 Berney Miller. 11.35 Wheets.

BORDER 1.20 pm Border News. 5.15 Cartoon. 5.20 Crossroeds. 6.00 Look around Wed-nesday. 11.00 Last Poet for the 51st. 11.30 Police Surgeon. 12.00 2order

CHANNEL 1.20 pm Channel Lonchime News, Whet's On Where, and Weather. S.15 Happy Ouys. 6.00 Report At Sru. 10.28 Channel Late News. †11.00 Feature Film; "Town on Triol." 12.40 am News and Weather in French 1000wed by Epilogue. GRAMPIAN

2.25 am First Thing. 1.20 pm North lews. 5.15 Heppy Days. 5.40 Police lews. 5.00 North Tonight and Area Weather Forecast—including mid-week aports round-up. 7.00 Sr. Vetery: Lost Post for the 51st. 11.00 Reflections. 11.05 ammy Miller. 11.35 Wheels. 12.05 am North Headlines.

GRANADA

SCOTTISH 1.20 pm News and Road and Westhor. 5.15 Popeys. 5.20 Crossroade. 6.00 Scotland Todey. 0.30 Emmerdale Ferm. 11.00 Last Post For The 51st, 11.30 Late Call. 11.35 Wheele. 12.05 am Police SOUTHERN

1.20 pm Report West Headlines, 5.10 Olck Tracey, 5.20 Crosroads, 6.00 Report West, 6.30 A Sharp Intake of Breath, 11.00 Police Story, HTV Cymru/Weles—Ac HTV West/HTV General Service except 10.33-10.48 am abc. 11.95-12.10 pm Ffalabalem, 1.20 Ponawdau Newyddion Y Oydd. 1.25-1.30 Report Wales Headlines, 4.45-5.15 Ni A Nhw. 2.00 Y Oydd. 6.15-0.30 Report Wales.

1.20 pm Southern News and Weather. 5.15 Mr. Magog Certoon. 5.20 Crossroads. S.00 oay By 03y. S.35 Scenu Midweek (South-éasi urea only). 11.00 Ponce Surgeon. 11.30 Wheels. TYNE TEES

Power Without Glasy—Jalle Irla of John West. 11.55 Progress, 12.30 em Epilogue.

1.20 pm Westword News Headlines.
0.12 Gus Honeybun's Birthdays. 5.15
Hsppy Oeys. 6.00 Westword Olary.
10.28 Westword Late News. †11.00
Feeture Film: "Town On Trial," starring John Mills, 12.40 am Feith For

5.00 em As Redio 2. S.30 Rush Hour.
10.03 The Robbie Vincent Telephona
Programme. 1.03 pm London Live.
4.30 London News Oesk. 5.35 Look,
Stop, Listen. 7.03 Black Londoners.
8.00 Question Time Irom the House
of Commons. 9.00-5.00 am Join

Sight—Keith Howell including Vintage Jezz Comer. 9.00 Mike Olskin—Night

Capital Radio Q.00 am Grshem Dene's Breakfast Show (5]. S.00 Michael Aspel [S]. 12.00 Oave Cash [S]. 1.00 pm London Today First Report (S). 1.10 Oave Cash [continued]. 3.00 Roger Acott (S). 7.00 London Today (S]. 7.30 Adrien Love's Open Line (S). 9.00 Nirky Horne's "Your Mother Wouldn't Like It" (8). 11.00 Tony Mystr's Lais Show (S). 2.00 am Ouncan Johnson s Night Firsht (S). lay Star as a remain a remain

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ALLERIES

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Paragram series of a forder a ske a stone a stone a ske a

## A cultural 'howl-round'

10 sound technicians as "hnwlthe sound source is taken too the telly.
close to the amplification Having turned "media" into

round." Its effect is to convert accelerates the rate et which being conveyed via loud--circulate. When you see an

feeding their mistake to one the increasingly

On Friday, however, FTN pro- to thrust prestige programmes put your mind to it you can any speech or music which is tads—particularly verbal fads duced a mistake which—to me, under the noses of those about even feed the commercials back anyway—was brand new. Des to renew the franchises, found into the ever-echoiog circle speakers into an appalling ex-convict on a current affairs cribing the flotilla of little ships itself banished to the nether and make programmes out of coise somewhere between a programme saying of his revisiting northern France, the regions of Sunday afternoon) them. The Other 'Arf features which is criminality: "Well, smy failure reporter declared that Churchill was presented by a man who Lorraine Chase, the cockney quite intolerable in its increas- wiv peer group relationships had said of Dunkirk "This was might almost have been in- model from the Campari adverting intensity. If I understand innit?" you know he spent their finest hour." (What vented by a keen television tisement correctly the explanations his last spell in chokey watchgiven to me, it occurs when ing sociology programmes on kirk was: "We must be very a knowledge of previous prokirk was: "We must be very a knowledge of previous pro- booze ad into a full-blown careful not to assign to this grammes. Richard Holmes comedy series seemed so deliverance the attributes of a looked just like Hunter Davies, unlikely that it came as somesystem and some sort of elec- a word which is so widely victory. Wars are not won hy waved his hands just like Magironic vicious circle is set up accepted as a singular noun that evacuations.") But I shall be nus Pyke, and pouoced on in which an ever growing it is now possible to find oneself surprised if, within a matter of adjectives just like Alan of good lines (particularly volume of sound is perpetually being "corrected" when using days, we do not hear someone Whicker, thus: "It was thee ... Lorraine's Tory MP cooquest chasing, overtaking, and add, it, as a plural, television else, someone who watched the grimmest footnote. To this and his Etonian pal: "Don't do ing to its own echo. The out- is husy doing the same for ITN programme, repeating whole... mournful campaign," that to me, I used to that to which is out the programme of the programme of the same for ITN programme. The out- is husy doing the same for ITN programme, repeating whole... mournful campaign," that to me, I used to that to which is out the programme of the programme of the programme of the programme. which causes listeners, quite one of the presenters of the of the Battle of Britain as a to say that he did a had literally, to cover their ears. Thames driving programme factual description of the job, but that the pronounced tang of the proposition is creating a form "a new phenomena" last week.

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My preference is for pre-ienters such as Huw Wheldon. Jacob Bronowski, Jack Hargreaves, John Berger, Alec Clifton Taylor, and W. G. Hoskios. Each proved to be an individual with a uniquely idiosyncratic way of expressing his deep knowledge, hut I bave a dreadful suspicion that if any of them were to come along new to television today they would not be acceptable because they do not line up with the Infinitely reflecting images that are perceived by television nowadays when once channel peers into the double mirror set up by the other two.

to refer constantly to its own image and to rely more and more exclusively on feeding its own products back into a circular system has the effect not only of making programmes within one category look -io-creasingly similar, it even makes different sorts of programmes look alike. Nowadays all televisioo constantly aspires towards the coodition of showhiz gossip. It hecomes ever barder to distinguish between a and a chat show such as Parkin-son when it is devoted mainly

host Russell Harty to present ils coverage of this year's Royal Academy Summer Exhibition. The writing went up on the wall in January when BBC2 sent Peter Ustinov, Natalie Wood Harty chatted about the pictures, selling points for the next serios, with Ireoe from The Forsyte There was just one feature of Soga. one of Harold Wilsoo's the whole affair which really was postmasters general the hutcher significant lo the annals of tolefrom Dod's Army. one professional footballer, one female of IR's shooting as part of the novelist, one of The Avengers Nine o Clock News. Whon the logs and fur hur), and—almost News are undermined for the as an afterthought—Sir Hugh sake of a merctricious soap

scramble of the ITV companies 'Arf which proved that if you

The idea of developing a thing of a surprise to find Episode I producing a collection Lorraine's Tory MP cooquest me " and of his fiancée: " I worship the ground she hunts on") and ao impressive number of laughs. TV Times seems to have given up listing production companies and authors so it is hard to be sure, but I thought I saw the names of Clement and la Frenais whizz past on credits.

Whatever its origins, it certainly makes a change to discover someone reversing the personalities" such as Noel Edmonds, William Rushton, and (sadly) eveo René Cutforth, all of whom have regressed from programmes to the moneyed lowlands of the commercials. At least Lorraine Chase has screeched round the circle in the other direction from Campari to Terry Wogan's Blankety Blank and now onto her own

Clearly the system relies upon people such as Wogan to create the echoes which are fed hack into themselves until they accumulate into a howl. Last Saturday on his new early evening chat show on BBC I he was husy promoting and recycling Barhara Woodhouse, the doggy lady in tweeds whose series about training dogs is belog re-peated on the same channel on Sundays. And of course it was "sports" programme such as Pro-Celebrity Golf which is devoted largely to showhiz chat.

BBC Radio 2 into a running gag which contributed as much as any other single factor to the publicity hitz which softened up the public prior to the notorious 'shooting of JR" episode.

In the event, as practically the entire adult population eventually discovered on Bank Holiday Monday, the most ioteresting aspect of this coyly delayed episode was the hype and her bairdresser to the which had heen used to sell it; Hermitage Museum in Lenin-the cooteot was the usual fargrad. This column warned then fetched schlock tricked out in that the BBC was well on its shrink-wrapped plastic gloss, way down the road to Pro-Predictably enough the condi-Celebrity Culture and last tion of JR and the identity of his week's Royal Academy pro- assailant remain unknown and gramme was just another step. coosequently provide poworful

wision: the (the one with long beautiful famous foundations of BBC Casson, the President of the opera it becomes clear that cultural howl-round is really get-

movoments that was perhaps the least expected characteristic Open Air Theatre, Regent's Park

## Much Ado

David Conville's productioo, to inflect even his most loudly with which the season most projected dialogue with appro-Don Pedro is a British Army when we first see them, are woating VAD armbands and rolling handages. What uniform Don John and his confederates wear I do not know; Italian, perhaps. The costumes (Tim Goodchild is the designor) are impeccably coptemporary, the girls' dresses are sweet, and the change of period is totally acceptable. There is never a line that does not ring truo, and the groupings on the groon-sward are heautiful.

You could not ask for a hetter Benodick than Gary Raymond — comic yet with the self-respect that a decent officer

must maintain, and the ability

admirably opens, is set in the priate subtetties. He is matched time of the first World War. hy a heautiful Beatrice from Don Pedro is a British Army Annabel Leventoo, pretty, play-hrasshat, Benedick and Claudio ful hut dignified. a Mittord girl, aro cavalry officers; the ladios, an Evolyn Waugh girl. The humour is kopt fairly

hroad. The offices that kid Benedick (hiddon in the summerhouse) play croquet as thoy jest. Whon the girls kid Beatrice, she skips about in the greeoory to bear overy word, finishing with a mugful of water from the fountain in ber face. Dogherry (Bernard Bresslaw) introduces some verhal as woll as visual ad-libs without harm. Balthasar (Ross Macfarlano) sings "Sigh no more" to his own accompaniment on the hanjoisle, and leads a harbershop quartet for the ology at Hero's tomh. The music is hy Ronald Corp. B. A. YOUNG

#### Coliseum

## Stravinsky/Béjart

Stravinsky's first three scores for Diaghilev.

The Firebird we know of old. with its gallant blue-denimed partisans hecoming agitated wheo he enters the mirrored round the flame coloured lectard of revolution. Bejart's finally doubting his own iden-'e of Spring has also been seen here before: 23 boys meet 23 girls, and do what one might re-done, then this is no bad expect. New is the Petrushka theme. Alas, the realisation is which Bejart made for Vladimir uncertain. Well stated in Vasiliev two years ago. Like its Petrushka's own role — taken companions in the programme with tireless force by Jorge it offers universalities, pro-ounciamentos about Life, Love graphic matter looks like rou-and Art, and a massive expenditive Bejart crowd-work for much

Béjart and Stravinsky is one crashing unsubtlety of meansof those fabled partnerships, this is slam, bam, wham choreothan finesso is the rule—and the heady enthusiasm of his artists. generate a gustily over-heated atmosphere, in which dance seems an art of the poster

His Petrushka has a sound theatrical idea at its heart: Petrushka putting oo the masks of puppet, then blacksmoor. then doll, becoming gradually confused by their identities booth of the Charlatan, and tity, and all human relationships. If Petrushka must he ture of energy by everyone con-cerned. Bejart's holdness in rich in the massed agonisings seeking to re-work these vener-and leaps with which the

CLEMENT CRISP



Sherrill Milnes and Kiri Te Kanawa

**Covent Garden** 

## Simon Boccanegra

Trust. It doesn't seem as much as seven years ago since we last saw Gobbi's decent production in the house, even with La Scala's sombrely splendid, momentous Strebler-Frigerio version included in their guest season of 1976, coming in hetweeo. Since the war, and the pioneer Sadler's Wells production soon after, Boccmegrn has won a public here. It is an opera

with a seafaring past, went pretty well, with momeots of distinction though not quite the total effect one hoped for. Sanjust, as in his Luiso Miller for the same company, has made an economy production which dees not too painfully rub in the theatre's financial plight. most elegiac demands were not similarly victorious but smaller more than intermittently pre- role of Piesso. Mr. Summers His sets are tall, airy, mostly architectural. There seems to be some psychological link he Milnes is comparatively new plete harmomy of appearance tween low-hudget opera and to the title-role, hut we may and gesture. The chorus was in pale colours: the new 14th cenexpect and hope bim to sing good form, notably to the off-tury Genoa has clean-looking. It ofteo. He was in excellent stage acclamations which play cream stone likely enough for the time wheo the action is set,

chamber, for example). Unlike the full impact which it many directors today with a deserves. passion for gloom (and gloom is opera) Sanjust keeps bis even- from the Gobbi productioo. The ings and nights tight-rather role of the shy supposed too much so io the prologue, orphan who behaves when put terious.

than for grand sweep. There semble) too much fire but she were some hiting climaxes, yet finished the acene finely, the impression was that Colin There was an interesting, not Davia is not essentially a very Verdian Verdian: love for this score percolated from every har a key of high melodrama which but the fullness, intense clarity took time to make its effect, and noble rage that Verdi at his Unlike John Tomlloson in the sent.

voice, full-tooed without aggres- a large part in this complicated siveness, suggesting more than story of intermingled private but it looks insubstantial for one might expect from an lives and medieval politics, that nest of sea-warriors.

beroic haritone of the reflective, RONALD CRICHT

Verdi's Simon Boccanegra returns to Covent Garden in a nowed simply, without fuss, and becomes. He had noble supposed signed by Flippo Sanjust, Gohhi hut with a similar responsors are IBM United Kingdom and the Royal Opera House designer than port from Boccanegra's mortal port from Boccanegra's mortal enemy the Patrician Fiesco, beautifully sung and acted with designer Sanjust ensures cost Lloyd—just too much restraint to make that are seen to advange perhapa for one of the fineat tumea that are seen to advan- perhapa for one of the fineat tage in motion (in the council- hass voices of the day to make

Kiri te Kanawa's Mariaundountedly present in this disguised-as-Amelia is familiar where the stage seems un- to the test with considerable naturally ompty and unmys- spirit suits ber well. The openiog aria was supple and gleamwhich creates addicts.

There was some delicate ing as before. Some of her Monday's première, strongly orchestral playing in a reading ainging io the council-chamber cast round Sherrill Milnes as more notable for keen, scene had too little and some the Pleheian Doge of Genoa intimately expressive details (at the start of the hig en-

> There was an interesting, not wholly convincing Paoln by Jooathan Summers, pitched in

RONALD CRICHTON

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There is an excruciating if it doesn't drive us barmy and viewers who have been husy Comrades In Arms (which, in screened the first episode of a electronic phenomenon known first.

feeding their mistake to one the increasingly comical new series called The Other At its simplest the process another for some time now.

will, in the end, deafen is all panding circle of hroadcasters events leading up to Dunkirk.

Thia tendency for television

to showhiz sport. It was anything but surprising that the BBC chose chat-show

Academy. tura! howi-roum Only an hour earlier ITV had ting under way.

of the evening.

flesh on his performances, no to develop and expand surfeit of expression or effect naturally, the finale's second

Elizabeth Hall

Festival Hall

least an annual opportunity to Viennese way, with cooveying hear Karl Böhm conduct the the essence of the composer's orchestra. Dr. Böhm is now in intentions.
his 86th year, evidently frail Fur Monday evening's conhut still conveying much zest for cert the programme consisted

John Standing and Lorraine Chase in ATV's new series The Other 'Arf

Böhm by andrew clements

the task in hand; his appear of two symphonies, Beethoven's ances should be treasured, if fourth and Dvorak's ninth. only for the reason that they Initial disappointment that the His reputation has never been established on the revela- of excellence not equallod even

The appellation of president It is essentially a neutral group given full encouragement of the London Symphony approach to the musical text, in exploiting its propulsively Orchestra presently gives us at concerned, in the most stylish rhythmle final tag rhythmic final tag.

The earlier Beethoven performance had however, reminded us even more forcibly of the priceless henefits of longmatured experience in conduct-ing the standard repertory. More exciting versions of the

doing the simple things ex symphony count: the phrasing tremely well. There is no spare of the slow movement allowed

keep us in touch with a period New World Symphony should Fourth are to he found—though and an approach to music stand where a work more the musical world is oot at premaking that soon may seem a central to Böhm'a reputation sem overstocked with first-rate remote gulden age: could was tempered by the Beethoven conductors and the vividness of the performance; most original of them has yet been established on the revelations of excellence not equalled even tory quality of his interpretations; he is not, except on the Celibidache, every detail premost hasic level of making an cisoly and immediately registres or chestra play to the limit of tered, the unanimity of the its ability, an inspirational strings an object lesson in itself. The strength of bis An object lesson too in making approach lies in his capacity for every element of a patchwork doing the simple things ex-symphony count: the phrasing movements that was perhaps

to be heard on a London concert

the LSO sparred on to a dogree

Woodward's Beethoven After Roger Woodward's com- partly out of chronological voiced in rapt subterranoan colours, and linked offneen to a plote cycle of the Beethoven sequence (although the last minuet of wonderful grace and charm. The "orehestral"

piano aonatas in the Orangery of Kenwood House in February last year, I wrote of an exciting, uneven, and at its finest, exhilarating series—that with some calm thought, and some careful re-shaping of detail, could ho less bumpy a ride when it appeared this month

now finally ripe for Woodward's escapablo Beethoven cyclo to reach its sequence? first considered summit, whole pressive b and mature. The manner was calm and commanding, free from unwieldy tensinns; from the opening pages, the evening radiated confidence and control. There are many ways of dividing and ordering the dividing and ordering the the sublime largo of the D was a thrilling and dramatic-sonatas, and each way has its major—which Woodward gave ally vindicated, razor's edge, virtues. This time Woodward (rarer to hear than one would and triumphant conclusion. has chosen to present them imagine) in true largo tempo.

four sonatas still make a natural final climax); but it can have been no less taxing to launch directly from cold into the three sonatas of Op. 10—for there is no music in the whole of the piano literature than these early sonatas, whether Op. 2 or Op 10, more fiercely

more exciting.

On Monday night, after the first recital of his new series, it seemed clear that the time.

reverse order—for isn't the D major No. 3 the essential, in-escapablo climax of the sequence? It makes for an impressive beginning: and for a slightly hathetic mlddle—since nothing in even the great C minor Op. 10 No. 1 can match the sweep and powor of the D major's invention. The levely Hore the coda was also danadagio, especially, pales beside the sublime largo of the D

palette was everywhere livoly, and very broad; only once or twice (accentuated by the hall's acoustic) was thore a passing fondness not for hlurred, but for too warmly pedalled, texture where no pedal at all is tho cleanest, clearest answer. After the interval, and contrary to all expectations, Woodward's opening of the

Appassionate op. 57 was firmly, almost cautiously, reined inthough he wound up to a tremendous coda. I specially liked his explosive sforzandi in the finale; and it was good, too, Hore the coda was also dan-gerously fast: hut in context It DOMINIC GILL

on buying racehorse

The ownership of a racehorse can give great pleasure. relaxation and enjoyment for a businessman and his family, or good publicity for a company.

In recent years, Jockey Club rules have been altered so that companies may own horses which can carry the name of their company or of a product or service. A good number of these horses have been successful on the racecourse and sold on at a profit later for breeding

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like Romeo and Gooeril, or graphy where attack rather hacoo and strawherries. The Ballet of the Twentieth Century began its week's visit to London on Monday with a triple bill in which the maestro of Brussels offers his interpretations or, as I believe, mistranslations—of

ehle compositions is entirely in choreographer keeps his cohorts accord with his history of taking on the maye. dance to a mass audience. His

rather than the theatre.

## FINANCIALTIMES

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Wednesday June 4 1980

## Roundabouts and swings

THE EXTRAORDINARY events steady trickle of "smoothing in the currency markets yester- in the markets has totalled more clear three cents against the dollar on the news of a prospective improvement of some £700m in the current account of Britain's balance of payments, are both entertaining and instructive. It must be remembered that sterling has been driven up by forces which appear equally perverse—excessive credit de-mand, leading to a weak balance of payments, and excessive inflation, calling for Draconian interest rates to check monetary growth. This crazy machine does appear to he reversible.

#### Central lesson

The central lesson, it seems clear, is that the exchange rate Is far more sensitive to interest rates than has up till now been obvious. During the rise, it could plausibly be argued that sterling's new status as a petrowas driving it irreversibly upwards. Yester-day, however, a statement from the Prime Minister that the saving in our contribution to the EEC Budget could best be used to cut Government borrowing, and so reduce interest rates, helped to cause the dramatic turn in sterling. Our repeated warnings that an excessive PSBR would exaggerate the rise in sterling seem on the face of it to he borne out in a most encouraging way: a promised cut in horrowing caused a sbarp drop in the rate. It would be extremely rash, however, to draw large conclusions from the events of one day: all that has been proved is that sterling is not simply a are related to the pressure of one-way market. Traders may domestic demand for bank one-way market. Traders may also have been worried by the credit, as for the funding prothought that on the face of it, a cut in our EEC contributions does not affect domestic monetary conditions, but simply the might thus be thought to have no implications at all for interest rates. As a statement of the initial impact, this is able terms. accurate: but in the longer run, a reduced EEC contribution.

follows, do have important and encouraging implications. It must be remembered that British acceptance of the EEC compromise was not the only leading to another rise of nearly the crowding out in capital \$300m in the official reserves. market which bas caused so

day, when sterling fell by a than \$2bn or some £900m — a flow larger than our contributions to the EEC.

From the market point of view, both transactions are of exactly the same kind: the Government has been providing sterling to foreign holders. It makes no difference at all to the flows in the currency markets whether the foreign currency acquired in this way is added to our reserves, or forwarded to Brussels. The impact on official sterling horrowing is also the A rise in the reserves entails borrowing in sterling, as does a contribution to the EEC.

The complicated question is whether such official borrowing tends to a dd to the domestic money supply. In the short run it does not: the sterling is sold to foreign holders in exchange for other currencies, and their boldings are not part of domestic money. In the longer run, however, it has always been accepted that foreign deposits do tend to contribute to domestic monetary growth, sioce they finance new lending by the banks. For this reason, we abandoned any hut smoothing intervention in the exchange markets in 1977; and for the same reason, it bas always been thought necessary to finance the Government's foreign currency transactions through long term funding.

It seems clear, then, that the major implication of the EEC settlement is not so much for short-term interest rates, which in the long run an easing of the relentless succession of tap stocks will work through to the official external balance, and credit market as a whole, especially if it becomes possible for companies to fund some of their own borrowing on accept-

If yesterdays developments are sustained, then, at least in and indeed reduced upward the sense that the upward pres-pressure on sterling if this sure on sterling becomes more besitant after this setback, the Government may have an op-portunity which it should seek to enlarge. A reduction in finding pressure strengthens the relevant news yesterday. The case for trying to tap new reserve figures were also pub- markets and devise new securilished, showing net intervention ties which would further reduce

## The bombers in South Africa

spread schools boycott by coloured children and the recent arrests of Church leaders, they illustrate dramatically how pressure is building on Mr. P. W. Botha, the Prime Minister, and his government. Although guerrilla activity is nothing new to South Africa, the apparent sophistication and success of the latest attacks are bound to encourage the black nationalist movements. Moreover, they could not bave come at a worse time for Sonth Africa's whites whose confidence has been badly dented by Mr.

Robert Mugabe's victory in

THE BOMB attacks on vital

installations in South Africa have come as a shock to the country's white community.

Following on top of the wide-

#### Vulnerable

It is too early to say whether the African National Congress, which has claimed the attacks, is in a position to repeat them It will certainly not be so easy to catch the South African authorities so unprepared again as security has already been stepped up at most of the country's strategic installations. But the fact that South Africa's economy is relatively well developed makes it particularly vulnerable to this sort of sabotege. It can increase protection for its energy installations which have long been the economic solar plexus of the Republic, but any industrial country has many vulnerable

It also leaves Mr. Botha with a rather bleak choice. He could decide to tighten security and eod the present tentative moves towards liberalising the system. But to fall back to the laager might wel cost him much of the country's current healthy economic growth. Alternatively he could choose the more risky but ultimately more promising path of hastening the pace of change by encouraging black advancement. In the medium term, that carries the very real danger of gresier instability as black aspirations rise faster than the system can accommo-

The scale of the difficulties facing Mr. Botha should not be underestimated. He has been making some of the right noises lately by showing a willingness now, the to talk to a selection of the black deteriorate.

leaders. And he has publicly recognised the need for amend-ing the inflexible apartheid system. But he has baulked at any fundamental restructuring of the acciety which would meet 20m hlacks. Instead, he seems to have been more responsive to pressure from the powerful Right-wing of his party who have obstructed any significant

Concentrating on defusing difficult domestic political situation within the white community, Mr. Botha has postponed the time when unpalatahle decisions will have to be taken about the futura of apartheid. He is now in a position of strength thanks to the huoyant economy. If he delays until guerrilla activity bas hegun to sap his power, he will increase the chances that changa can only come violently.

The events of recent week also emphasise the difficult choice facing the business com-munity in South Africa. For the most part, businesses recog nise that they can go some way towards reducing the tension within South Africa hy implementing progressive policies on wages and black advancement. But they also have to keep moving at a pace suited to the general level of change within the country. Although some companies have acted as a lobby for more rapid change others bave preferred a hack seat role allowing the guidance to come from the central authority.

#### A warning

In addition, foreign com-panies bave had to reconcile their policies within South Africa to the different ethical standards in the home countries. of their parent companies. Reports that 33 UK companies are paying wages below the povety line bave once again brought this issue into parent company boardrooms, but the recognition by the bosiness community that it can encourage change is not enough. The bomb attacks showed that time is not on the side of the existing system. Instead of driving the whites to be mora inflexible, it is to be boped that they take the attacks as a warning that unless there is compromise now, the situation can only

# Political tensions behind China's new pragmatism

By IAN DAVIDSON, Foreign Affairs Editor, recently in China

OR a visible symbol of tions to the post of factory what is going on in China director and, interestingly. Wall in Peking. The wall posters which used to display a riotous director. variety of conflicting views on the big political questions have long since gone, of course. The site is being prepared for an array of hoardings which will advertise consumer goods, many of them no doubt from the West. Political dissent is out, economic incentives are, at least for the moment, in.

Yet I thought I detected visible symptoms of a continuing tension between the tentative economic liberalism inaugurated hy Vice-Premier Deng Xiaoping and the suppression of popular political debate. The shop windows in Shanghai are full of displays of women's dresses, and even of women's hras; hnt in Peking I did not see a single woman wearing anything hut the nhiquitous Sun Yatsen trouser suit in drab blue or green. This may mean nothing more than that the trouser suit is merely working dress. But it is curious that clothing becomes much more colourful and various for hoth men and women the farther you get away from Peking. Glimpses into domestic courtyards in Peking suggest that even the Pekinese dress more daringly in the privacy of their own homes.

experiments in economic liberalism and decentralisation seem to be going down well with the people and producing good results, especially in the province of Sichuan, which was the first to try out the new policy. In Chungking, the province's largest town, the people on the streets display a much greater vivacity than the rather morose crowds in Peking. The escort provided by the municipal government seemed much more out-spoken (at times positively enthusiastic) than his counterparts elsewhere.

At the production end, the

Experimental elections had been held in some Chungking districts, and he boped that municipal elections would follow soon. Factories which were selected to try ont the new economic freedoms must still meet plan targets, but thereafter they could keep any excess profit and spend it on wage oonuses, on welfare, or on new investment. In rare cases, these bonuses could reach 30-40 yuan per month, on a basic wage of 50-60 yuan. Where production increases are achieved by teams of workers, the members decide bow the bonuses should be shared ont.

there was a severe shortage of faos. This year an electric motor factory had started to take advantage of its new freedom to make fans on top of its normal planned range of motors: in the past, it would simply have stopped work once its planned quota had been achieved.

In some rural communes, the proportion of private plots to communal land was being raised from seven to 10 per cent to encourage output. In some factories there had been elec-

you need only go to what sometimes the successful candiused to be called Democracy date was an ordinary worker, but sometimes also the outgoing

Yet all is not always straightforward. In the midst of his eulogies for the new regime, I asked the escort how he had been affected by the Cultural Revolution. "I was part of the Cultural Revolution," he replied. Embarrassed silence on my part. I asked what his job had been before the Cultural Revolution. Before the Cultural Revolution I had no job. Then I became a Red Guard." Another silence, which he finally broke by say-ing: "The foreign Press has much exaggerated what happened in the Cultural Revolu-tion" — a view which is largely at variance with that of Dang

Kiaoping and his supporters.

Later I visited the Chungking
Academy of Fine Arts, which
receives 10,000 applications for every 100 student places. Was this so, I asked an academy official, because young people wanted to get away from jobs which appeared to be directly subject to political influences? Through the escort the answer came back: "Yes, that is one reason." But after a further lengthy dialogue in Chinese, I got another answer: "The young wish to serve the people through

After so many gyrations in political orthodoxy, it is scarcely surprising that individuals should display a disconcerting mixture of frankness, newspeak and sheer opportunism; but it

Clothing becomes more colourful the farther you get from Peking

tutions to know whom he can trust, and must make the workof such institutions extremely creaky.

Encouraging as the new tenta-tive pragmatism may seem to the West, there is no certainty that it will produce the goods. It is common ground among foreign observers that the Chinese have not yet resolved philosophical tensions between physical planning and market forces, and are still looking at different foreign models - Yugoslavia, Romania, even Japan - as inspirations for bowever, is the possibility that Changking in summertime is China may not enjoy a suffi-an oven of a city, and last year ciently long period of political stability to be able to give the new experiments a chance of

> Until recently, the most widely propagated view about the political situation in China ran roughly as follows. Since won the upper hand over the Maoist ideologues (represented in the Chinese demonology by name are not about to be re-the now-disgraced Gang of versed immediately, there is



rational programme for building

unreconstructed Maoists who still hold infinential positions in the bureaucracy, especially in certain provincial governments; equally naturally, there are major economic problems in a country as large and as poor as China, and they will not automatically be solved by the experimental recourse to certain elements of a market economy. Nevertheless, according to this view, the new line must make it extremely difficult and the new leadership are for anyone in government insti-pretty firmly established, and

> dent version of this view within China was now set on a pragso thoroughy discredited, and Deng Xioaping and his supporliked. Hua Guofung, at one-time Mao's designated heir and now Prime Minister and Party chairman, was virtually isolated in the central committee, and if Deng did not have him sacked or kicked upstairs, it would only be for tactical or presentational

the mausoleum on Tiananmen Square, or the mausoleom itself political yo-yo, the Chinese chairman people wanted nothing but plan. But there is another, much less confident analysis to the the death of Mao Tse-Tung in effect that the power struggle at 1976, the pragmatists (repretible top is far from over, that sented by Vice-Premier Deng Deng Xioaping is not really in Xiaoping) bave conclusively a commanding position at all, won the upper hand over the and that even if the broad economic policies identified with his

Four), and are now, after a every prospect of renewed poli-false start, embarked on a tical instability. This is, I believe, a minority view, but up the Chinese economy.

Naturally, there are residual ideological problems in the teristic of the China-watcher's art which make it worth considering.

According to the conventional view, the most striking recent indication of the victory of the pragmatists has been the postbumous rehabilitation of Liu Shaoqi, the former head of state who was disgraced by Mao and who died in prison; his rehabilitation was marked earlier this month by a memorial cer-mony at which Deng was the main speaker and which was broadcast all over China.

are unlikely to be npset for But consider the following: some considerable time to come. I heard an even more confithe People's Daily was still discussing the question whether minntes of landing at Peking Liu really should be rehabili-airport, from an experienced tated, the current bead of state, China-watcher of many years' Ye Jianying, did not attend the standing. According to him, ceremony, and almost certainly not because he was too old or matic-conservative course for at infirm, as has been asserted, least the next 20 years. Mao's since be made several public record in economic terms was appearances about the same time. While Deng's speech restored Liu posthumously to his ters were in such a strong posi-tion, that they had carte blanche out restore him to bis party to do virtually anything they posts. Finally, there was no official obituary of him published by the party, as would bave been traditional,

It was even conceivable that promotion of Hu Yaobang to experiment. Much more serious, Deog would bave. Mao's head it, have been seen by ideological embalmed corpse removal from many observers as the first step econamic liberalism—material by the Deng faction to revise the party constitution so as to demolished. After 30 years of eliminate Hua's position as party chairman. It msy still be the plan. But according to one stability and an opportunity to story I beard, the original list make themselves a bit better off. not include a majority of Deng's supporters, and the balance was only fortuitously ahifted after the late Chou Enlai'a widow had raised objections to some of the original names.

The most ominous recent event was a speech by Hna Gnofung to an army conference on political questions, in which he quoted Mao in a call for the promotion. promotion of proletarian ideology and the elimination of the bourgeois class. In the arcane language of Sinology, which to the untuned ear may sound, sometimes, like Sino-babble, this is a fairly clear attack on Deng's policy of offering (limited) material incentives to workers and

peasants. Those who believe that Deng is in an unchallengable position would play down the signifi-cance of the speech; Hua knows that he is boxed in and may yet be ousted, he believes that Deng's economic liberalism will fail and Deng will be discredited, and he is merely putting down a marker of his own legitimacy as Mao'a beir against the day when he himself will regain the upper hand.

But others take it as a further indication that the leadership struggle is far from over, and they see confirmation of this view in the fact that some of the army representatives at the conference endorsed Hua's Maoist line. According to this view, there is a de facto alliance between the arch-conservatives and the ultra-leftists in the party bierarchy and some of the army leaders against Deng and the pragmatists; and while

It may be, of course, that the debate incentives. power between rival, and shifting cliques.

between economic liberalism. however tentative and experia party machine

It is frequently said that shortages of consumer goods in the Soviet Union are the unfortunate consequence of an inefficient economy, and that this inefficiency is in turn the unfortunate consequence of a highly bureaucratic system. It can also be argued that consumer deprivation is an indispensable feature of a Marxist-Leninist system, since it would be extremely hard to reconcile an authoritarian and bureaucratic state machine with relative abundance and genuine consumer choice. In China Deng was forced to backtrack from the policy of tentative toleration of popular debate, as in the wall posters on Democracy Wall, and the impression that this was a tradeoff between the economic pragmatists and the political authoritarians has been reinforced by the re-publication of the state security laws of 1950 and 1951 which are draconian. in their restrictions on the communication of information.

observers I met in China agree that one of the country's main problems is the lack of coordination and co-operation between different ministries and institutions. If the state security laws are enforced in their full rigour, economic co-ordination will become virtually

In between those Chinawatchers who helieve that the country bas 20 years of political stability ahead of it, and those who fear that political instability is just around the corner, there are diplomats who

> There are fears the country will revert to rigid isolation

give China five years before modernising a largely agricultural country of 1bn people finally prove insurmountable, and who fear that when disillusionment sets in, the country will revert to its age-old tradition of isolationism under a Among Communist countries, China is unusual in having a chairman rather than a general secretary as the top party official. The creation of a general secretariat and the promotion of Hu Yachang to the party of the support of regime of total rigidity. Yet others believe that the Chinese may have just a chance of tripling their national income per head by the end of the survival. how such a country will deal over with the rest of us.

If Deng Xioaping is more or productivity less in charge of immediate bonuses, greater independence events, the conundrum he must for factories, the profitability solve is that of achieving the criterion—is less important in maximum amount of political terms of what rival factions freedom, so as to release the really helieve makes economic energy and initiative of the sense than as a stalking horse Chinese people, while provokin what would otherwise be ing the minimum antogonism merely a naked struggle for among the entrenched party bureaucrats and ideologues. On the face of it, it looks a daunt-But it stands to reason that ing, if not impossible, task, and there is an underlying conflict it must be questionable whether imported notions of decentralihowever tentative and experi-mental, and the supremacy of ment will be a match for 4,000 years of authoritarianism.

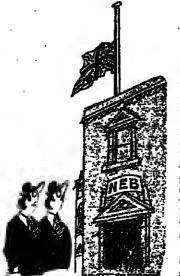
#### **MATTERS** MEN AND

Up pops Roberto in Coke shuffle

Is this to be the crunch year in the Great Soda Pop War between Coea Cola and Pepsi? At the last bottle count both had just over a fifth of the U.S. market, although Coke was slightly abead. But Pepsi is growing faster, and like another bousehold name, it tries harder.

Coke, under pressure, is determined to stay in front. So resolute in fact, that in a sweep ing management shake-up the Atlanta-based company has just scrapped its entire top-level executive structure and in the process brought forward the man most likely to succeed Paul Austin, chairman and chief executive for the past 10 years. Austin, who retains overall control, has handad over chief executive powers to the new president. Roberto Goizueta. Born in Cuba 48 years ago, he was formerly one of the many mostly unknown—vice chairmen of Coca Cola.

The surprising feature of his elevation is that be did not make his name in the company through the hurly burly of marketing-which is basically



A trained chemical engineer, his forte in the past has been in administration and technology. But Coke, like many U.S. businesses, may have begun to discover that running a company these days bas as much to do with goverment, lawyers and process plant than persuading teenagers that things go better with Coke.

#### Elf service

Keep your eyes peeled, for a new addition to the stautory adorning London's leading tourist attractions. For soon, among all the saints and heroes will be appearing a representa-tion of a small gentleman in a silly hat. City representative new presto of the Department of the Are we soon to expect more Environment, he is heing posted commercial magic from James to the capital to test how well he standa up to the pressure of urban life.

Unnamed as yet, the newcomer will ha one of a team of six garden gnomes which will shortly be cast at the DoE's Building Research Establishment at Garston, near Watford. Offspring of one Dr. C. A. Price (I kid you not), the gnomes are being manufactured in a variety of materials to discover how best to restore or replace crumbling stonework on our national monuments.

Unwilling to discuss the economics of the test—"only modest sums are involved "— Price also refuses to tell me where the little fellow will live during his exposure to tha hlighted atmosphere of London. "You can't squeeze it out of me," he says, "but it will be on a very well-known landmark." The rest of his family, bowever —made of cement, concrete glass fibre and coated with different protective materials will be posted to the relatively benign and private climate of the establishment's official exposure site near Watford. The good doctor stresses, bow-

ever, that under no circumstances should I give the impression that our castles and cathedrals are in any danger

sion comes from the Directorate of Ancient Monuments, which is troubled by the sorry state of the 300-odd statues populating Wella Cathedral. "Of these, no more than one or two are likely to be replaced," he says. In fact, he deliberately chose not to make copies of the crumbling statuary for his tests make clear as he puts it, that this is not an artistical exercise, rather a scientific experiment.
"And when we have a chance

to evaluate our Ideal Gnome Exhibition, I think we shall know what's what"

#### Hey presto

commercial magic from James Gulliver? I ask because no sconer has he finished conjur-ing up his embryonic food empire than be pulls another rabbit out of the bag — David Burditt, former m director of Borthwick. managing

Burditt, it turns out, last heard of in September slamming the Borthwick boardroom door with an £88,000 cheque in his pocket, has been advising Gulliver since then. Now, with his advice ohviously well taken. be bas been appointed director in charge of food manufacturing on the boards of Gulliver Foods and its sister company Louis C. Edwards.

In his days as managing director of Beecham's international division Burditt did great things for the reputation abroad of Horlicks and Enos Fruit Salts. At the same time he made a name for himself as an expert in the fields of marketing and self-financed growth —precisely the commercial characteristics which have aided Gulliver in his travels towards the iop of the beap in the food business.

#### Taxing journeys

A tenacious type our tax man. Unabashed by the pending action in the European Court of

what the company is all ahout. of being replaced by plastic Justice in which our Euro-MPs replicas. His current commis- are challenging his right to crave his pound of flesh out of their allowances, be is now stracking on a new front which has set certain members quaking in their boots.

Most who live in, or within the statutory 20 miles of their constituencies, cao claim tax relief on their European travel hills. But there are several, living away from their electors, who have been told that because thair travel is from home (rather than work) to work in Strasbourg, Luxembourg or Brussels, they like the rest of us, cannot claim tax relief on their plane tickets.

"I spend about £3,500 a year on flying to and fro," one afflicted parliamentarian tells me. "And the implications are horrendous." Not wishing to reveal his name, for fear of jeopardising his chances in his impending confrontation with an Inland Revenue inspector, be claims that for those without other income, the net result will be bankruptcy or forced resignation from the European

Anthony Simpson, the Tory link-man in Brussels, however, is a man of stronger nerve. In oo other EEC country does the state ioterfere with the allowances, he tells me. Confident the Revenue will be put in its place by the Luxembourg judges, he says: "I think we can out-flank them." tainly hope so. The last thing we need is a re-run of these tedious Euro-elections so soon after the first lot.

#### Colour blind

Quote from Associated Asphalt's London manager Bill Heather, who is currently engaged in re-laying the surface of the Mall: "It is probably the most prestigious job in the black-top business, except that it is in

**Observer** 

Almost to a man, Industrialists have praised Skelmersdale's business-like help in settling them in

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# Finance for Small Companies

Industrial decline and rising unemployment has prompted many countries to introduce

an increasing number of measures to encourage small businesses. In Britain, for example,

the Government is removing legislative and other burdens, as well as increasing tax

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#### in many countries

By John Elliott

DURING THE past few years the problem of how to arrest the decline of small businesses has become an issue of increasing political concern in many Minister in charge of co-ordinat-

munities have been considering Liberal MPs through the then how to encourage the creation Lib-Lab pact, saw the political and expansion of smaller entermileage in looking after the regarded and sometimes driven also concerned to show that out of existence during the past something was being done

This interest has been sparked inner cities. by concern about industrial and . urhan decline and about the has been taken over and general inability of large comexpanded by the Conservative panies to expand their labour Government whose Industry forces at a time of high unem Secretary, Sir Keith Joseph. pleyment. There has also been believes in the inevitability of concern that the inventors and the life-and-death cycle of small entrepreneurs... needed, in the and large companies. He is future will not start out in therefore more interested in misiness unless the climate in helping emerging entrepreneurs

up is improved. As a result, covernment noliflow of funds, the provision of largely because of rapid decline term to compensate for job

premises, the impact of taxation. and the other issues which dog the entrepreneur. The hope is that such actions will quickly create new jobs and will lead

to the establishment of busi-nesses that will provide the country's wealth in the future. In Britain, this movement started nearly three years ago when Lord (then Mr. Harold) Lever was appointed Cabinet parts of the world.

Throughout Europe in North
America, and even in Japan.

Gallaghan, the Prime Minister,
having been encouraged by individual entrepreneur. He was about nnemployment and the

... For the past year this work which small businesses are act than in supporting lame and dying industries.

The UK has a more limited cies bave been introduced to small husiness sector than most tackle problems such as the other developed economies,

incentives and trying to improve the flow of funds. in the 1950s and 1960s, and losses in large industries is now financial policies—such as the nesses can operate without has rejected calls for the creat-there is some doubt about actual being questioned. The TUC, for high level of interest rates. having to bother with other ing of a small business Adminisnumbers. Provisional figures (see table) suggest that there employing about 6.2m people— about 25 per cent of the work-ing population (23 per cent in

manufacturing industry). This is not significantly different from statistics prepared for the Government's Bolton Report on small businesses ten years ago. although it does mask some decline and also illustrates that there has been no growth. Small businesses sometimes defined according to turnover, but are generally regarded as those employing 200 people (which is the official designation in manufacturing industry). In practice this means enterprises which are owned and run by only one or two people and which have a relatively small share of their market. They are therefore the businesses which are most susceptible to swings io economic

No one doubts that these businesses are vital for a healthy economy and that they can help in creating johs. But the simple notion, especially Government, that they can do anything significant in the short-term or even medium

example, told the National Economic Development Council recently that the Government'a be adopted towards small busiapproach "overstates the potential contribution of small firms to growth, employment creation, and technical innovation in

#### Expensive

Trade unions are, of course, not much interested in small businesses because their owners often tend to be anti-union and because they are difficult and expensive to organise effectively. But the TUC's comment was based on a neconomic, not a trade union organisational in many quarters that Sir Keith an dhis colleagues are relyiog too much on small businesses, which are unlikely to produce much help to the economy for up to a decade.

What is not questioned is fortunes—as the present high that the British Governmentspate of UK bankruptcies shows. and its equivalent in other countries—are right to change the climate and remove the impediments to the progress of such businesses. Critics including the TUC-are, how-ever, quick to point out that all the good the Government is cancelled out by the industrial impact of its economic and

It is sometimes suggested that

a more selective policy should nesses in order to try to protect and encourage the best. This is an issue oow being considered in Japan where there are about 5.4m small husioesses employing 32m people.

Any idea of "picking winners" is, of course. winners is, of course, aoathaema to the present Broitish Government, especially to Sir Keith.

Broadly, the Government's policies fall into three main areas: First, it is trying to set the right economic climate and to provide incentives through various taxation and other changes, some of which were announced in the Budget two months ago. Most small busioess organisations were pleasantly £34.000 in assisted areas. be of a surprised by the Budget's But the Government has The menterprise and small business shown little interest in more tutions. package." although they still want more to be done on capital

bas changed employment laws,

having to bother with other ing of a small business Adminis-restrictions. The Government tration. has also taken over the last administration's campaign to Enterprise Board has also been cut down the number and com- cut back and there is little

basic investment and for property — into the small business interest area. In addition to exhorting financia the clearing banks and other financial institutions, it also bopes that the "Aunt Agatha" type of family investor will provision of packages of funds with institutions, rather than invest more. It has also of, perhaps, £10,000 or £20,000 relatives and friends, as their type of family investor will developed other sources such as the European Investment Bank Agatba" family investors. One which, under arrangements or two institutions, including negotiated by the last Government, contributes half the annuation Fund, bave started money for packages as small as £34.000 in assisted areas.

arrangements. It has, for removing legislative. adminis- for a State-aided guarantee trative and other burdens. 't scheme covering Venture capital investments. I/t has also refused eased planning controls, and so far to agree to State involve-drawn up proposals for simpliment in a clearing bank loan

plexity of Government forms Ministerial interest in its that businessmen bave to activities, even though small complete. busioesses are supposed to be

> gradually increasing being shown by being financial institutions in small businesses is, bowever, something of a success for Sir Keith. The main problem has been the In the absence of many "Aunt or two institutions, including the Post Office Staff Superexperiments to see if they can

be of use.
The problem for such insti--and for clearing banks ioterrectionist type of financial —is the high administrative arrangements. It has, for cost of investigating and axation. example, not gone abead with monitoring such small invest-Secoodly, the Government is an Industry Department plan ments. This is why the Post Office Fund has linked up with the Government's Counsellin Service which does much of the administrative work. Financial institutions has

Geoffrey Howe has launched his siderable pressure for some helping to provide premises for own idea for small experimental such arangement from within small businesses, especially the "enterprise zones" where busi- the Conservative Party, and it smaller garage-sized workshop

which the Government is convinced are needed in considerable numbers if would-be small businessmen are not to be put off starting their first ventures. The Legal and General, the NCB Pension Fund and Barclays Bank are among those involved in this area, and the Government is also providing further belp by relating building allowance regulations.

Meanwhile many other large companies have also shown a rapidly increasing concern about the plight of small businesses, and bave set up various ways of providing belp. So it is clear that something at least bas been achieved in the past few years because Thirdly, it is trying to ease one of its basic areas of opera-the flow of funds — both for tion.

small businessmen are now operating in a far more sympathetic political and social

climate. What is still in doubt, however, is whether the right things are being done and wbether small husinessmen can thrive addition ministers are almost certainly placing far too much political emphasis o nthe contrihution that small businesses can make to the country's shortterm recovery.

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#### SMALL BUSINESSES IN THE UK

SECTOR		TURNOVE	R:	EMPLOYMENT:		
	Numbers of small firms (thousands)	Small firms 1976 total (£m)	% of all companies	Small firms total (thousands)	% of all companies	
Agriculture	150	4,500	. 57	. 420	60	
Manufacturing	100	8,000	. 18	1,575	23	
Construction	290	7,000	25	715	43	
Transport	60	1.450	17	245	38	
Wholesaling -	75	8,400	- 16	315	37	
Retailing	235	9,000	. 26	990 -	- 40	
Finance	20	1,250	2	35	5	
Property	35	2,240	23	40	44	
Professional services	50 :	1,670	29 1	· 275	47	
Catering	100	4.240	63	580	64	
Motor trades	50	3,600	19	190	40.	
Other services	105	2,650	31	550	58	
All others	35	3,000	24	. 280	60	
			19	6.210	25	
		77.444				

These figures are collated from Government statistics for 1976. They relate to firms having an annual turnover of less than £150,000 (wholesaling less than £600,000; motor trades £300,000; manufacturing, 200 employees; and construction, 25 employees).

## Role of the C

By Christine Moir

WHEN THE Wilson Committee, which is investigating the financial institutions and their relations with British industry, finally publishes its report (probably at the end of June), is is likely to contain a minority report from the Trade Union representatives urging the City to establish a new source of . finance for industry.

The background to this is the growing political awareness of the value to the economy of promoting new small businesses. The report, which will have the backing of the TUC, recommends the creation of a National Investment Bank, underwritten by the Government, but with finance supplied by the pension funds and insurance companies. It suggests that Government direct the institutions to place on call with the bank between eight to 10 per cent of their annual inflow of funds. At present rates in inflow that would amount to some £350m a year. In addition the report may

suggest that a further £1bn-be

made available to the bank from

Sea

North Sea oil revenuea. The scheme is sure to meet fierce opposition from the financial institutions. They argue that they already pour more than 10 per cent of their income into British industry, either directly by investment in individual companies, or indirectly by sub-risk burden they would have scribing on average a third of to carry, their funds to Gilt-Edged Securi ties. A substantial element of Government funds raised through the Gilts markets, they argue, finds its way into British industry.

They will also believe that the reasonable financial demands of industry not already met by existing media such as the Stock Exchange. The Industrial and Commercial Finance Corporation, part of the City-established Finance for Industry group, for Stock Exchange has not itself instance, has been able to invest successful. only £330m in industry in the Equity Capital for Industry, set up three years ago to fill

final Wilson report is not ex-pected to dwell in detail on

the specific financial problems small businesses. These or small businesses. These were fully covered in the special report: "The Financing of Small Firms," which the committee published in March last year.
In the main, the report con-

elnded, the financial institutions viding finance for small busi-did a fairly good job of pro-nesses. The clearing banks might relax their requirements for security rather more and might put themselves in a better position to advise less experienced businessmen general problems, but overall the report found no bias against small businesses except that of commercial prudence.

Concessions

The report did recommend, ohwever that the City could help provide equity finance for smaller nnquoted companies one area where demand seems to outstrip supply - through specially created Small Firms Investment Companies.

These would be quoted investment trusts designed to take share stakes in unquoted companies. Special tax concession could be allowed to investors in SFICs, it was hoped, to offset the disadvantages of the high So far the suggestion has not

been taken up in the City. To start with the sort of vehicle envisaged could not obtain a Stock Exchange listing until it had established at least a fiveyear track record and met the sums suggested by the TUC Exchange's tight requirements lobby are far in excess of the for tangible assets. This might prove well nigh impossible for a SFIC which, by definition, would have a high proportion of assets with negligible or subjective value.

> This does not mean that the political pressure to be seen

another supposed gap in industrial needs has barely got going.

Apart from the scheme for entirely new market for unlisted securities (USM) to replace its securities (USM) to replace its twilight trading zone under which specific transactions in made through the market under unquoted companies may be Rule 163(2).

Briefly, the proposed new rules would allow companies to join the USM after a track record of only two or three years rather than the five laid down for listed companies. The Stock Exchange would waive some of its charges for them and demand simpler details of performance and prospects thus reducing the cost of flotation.
A minimum of 15 per cent of
the company's equity would
bave to be offered to the public compared with the 25 per cent listed companies must offer.

Companies in the USM, the Stock Exchange stresses, would not be listed and investors would need to take full note of the extra risk involved. But their performance would be monitored and they would bave comply with most of the Stock Exchange's rules on disclosure which would make them much less shadowy than the present 163(2) companies which the Stock Exchange does not vet at all.

Meanwhile, the City insticontinuously tutions are increasing their equity investment portfolios by individual tailor-made deals with private companies.

Industrial and Commercial Finance Corporation (ICFC). established by the Bank of England and the Clearing Clearing Banks, still takes the lead in this area and markets its services with a degree of aggressiveness which some entrepreneurs find surprising ICFC's experience with start

ups, a third of which have failed and only 44 per cent of which are firmly established has deterred many institutions from similar programmes. However, a number of ven

ture and development capital companies do exist and appear past decade in spite of wide to be concerned with small to be flourishing. They range spread promotion of its services, firms and their capital needs, from joint ventures such as

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## How big companies can aid small ones

during the past two years bas closure areas. the sudden surge of interest ahown by large companies in helping small busi-

Some individual companies have launched their own intiatives, but many more have joined together in local trusts and agencies to channel managerial and other expertise.

On the surface, these developments initially looked as if they might develop merely into an exercise in corporate responsihility, with large compaoies parading their social conscience in carefully controlled, pub-licity-oriented campaigns. Many of the companies attracted were those often associated with "do-good" type of works, and the problems of high unemployment and inner city decline seemed natural targets for their caring attention.

It is now clear however that the motives of most (but not all) of those concerned is much more hard-headed and commer-As a result, companies which initially kept clear are now taking a keen interest, particularly if they want to help develop an area where their own businesses are heing run down and men are heing

declared redundant. But while companies are prepared to spend money helping solve small businessmen's problems, they are not usually funds in the husinesses. The only private sector exception to thia is Pilkington, which is subscribing £1.4m to a small business venture capital fund which it has set up to reinvigorate the industrial hase of its home area

ONE OF the more dramatic sector, BSC Industry invests in in providing help, mainly industry small projects to help steel hecause it has had to slim down

> or small firms. But it was parts of the country about two years ago. Now companies involved include BP, ICI, British Oxygen, GEC, IBM, Cadhury Schweppes, Delta Metal, the Birmingham Post and Mail, R. M. Douglas Construction, GKN, and Lucas Industries. Banks and financial institutions such as Barclays, National Westminster, the Midland and the Industrial and Commercial Finance Corporation, have also joined aome of the joint agencies.

Three areas Broadly the help that com-panies provide falls into three main areas. First, like Shell, can organise projects as husiness competitions and research reports which help generate interest and know-

Secondly, general managerial aid to husinessmen, or can help to finance and staff some of the trusts and agencies. Thirdly they can use their own specialists to provide technical help to small husinessmen facing problems developing their products. (In addition they can spin off unwanted pro-duct ranges or subsidiaries as self-contained small husinesses. as is explained in the article as management buy outs.

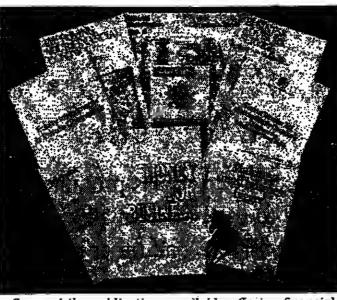
ICI was another of the first men to a quoted company, and company to tackle a stock companies to hecome interested from bandlerafts to projects on control problem with organisa-

its workforce but does not Pilkington, along with BSC believe in forced redundancies. Industry, has been one of the It has therefore tried to ease pacemakers in providing help people into voluntary redundancy and early retirement by Shell UK which was primarily helping to create new jobs. In responsible for generating a lot - areas such as the north-west and responsible for generating a lot north-east it has set up resettleof initial interest in different ment groups and bas joined forces with local authorities and other organisations and companies to foster potentially viable new husinesses. It has Delta found that a handful of employees out of every hundred or so have been interested in starting up on their own, normally in service and consultancy husinesses rather than

> The best known of the joint agencies and trusts is tha London Enterprise Agency which was created early last year by nine large companies and banks, plua the London Chamber of Commerce. Since then large companias have com-Commerce, and sometimes local authorities, in various other centres such as Manchester, Birmingham, Leeds and Bristol

manufacturing.

to set up similar ventures.
One of the first to be set up, before the London Agency was the St. Helens Trust which was formed in July 1978 with the primary aim of tackling unemployment on a long term hasis. It aims to select entrepreneurs, rather than products -"The starting point for the Trust activity is the individual with the idea. the drive, and the energy to undertake a business venture," said a report on the Trust's early work, Clients bave ranged from individual crafts-



Some of the publications available offering financial advice for the businessman

the fringe of new technology. to start new husinesses rarely lack finance—" It is the relatively larger project needing major capital that is still-born through lack of capital." But it adds that a lack of financial advice, especially where pub-licly funded aid is concerned, is serious problem. It also supports the current view of the Government that it is a lack of premises which is the key prohlem-and is working out ways to help.

The main work of tha London Agency bas been helping small businesses with a wide range of problems, using managerial resources of its nine hackers. Together with the Industrial and Commercial Finance Corporation, its two clearing banks -Barclays and the Midlandhave been specially insistent that they do not offer special terms to the Agency's clients. They have therefore mainly contrhuted by helping the headquarters' work. Other companies have been more involved in providing help direct to small companies,

Some 40 cases were handled in the first nine months, ranging from helping a small plastics company to tackle a stock

tion and methods experts, to-Surprisingly, it says that it enable a theatre lighting manu-has found that people wanting facturer to solve technical problems and so find a financial hacker.

The large companies in ondon and elsewhere have found that a by product of giving the belp is that the people they send ont to the small husinesses gain valuable experience hy heing exposed to a type of operation which they would never encounter in their normal work. There la therefore, a potentially useful train-ing element, although there is also a problem that the people involved find it difficult to adapt usefully to life in a small con-

Not unaturally, all these activities are sometimes distructed and and resented by small husinessmen who value their independence and do not want to he forced or inveigled into accepting the belp and influence of other people. Small businessmen would also say that the best way for large companies to help would he to pay bills on .time and to show some sympathy with liquidity prob-lema. The larger companies initiatives are however belping small businesses survive, and maybe even thrive, through lean

John Elliott

Despite its aversion to providing direct State aid for industry, the Government has kept two sources of help for small businesses in being. One is the Department of Industry's counselling service and the other is the National Enterprise Board.

## Advice is available from experts

A SMALL local husinessman is before a comparative picture unsure about where he can look for funds other than his local clearing bank. Another cannot decide whether he should expand his business within xisting premises or look for an entirely new location. Yet another is uncertain whether he should even he considering expanding or whether he should

close down his husiness. These are the sort questions which are among the day-to-day problems increasingly being considered by counsellors attached to the Department of

Industry's Small Firms' Service. The counselling service was first established, in pilot form, in 1976 in the South-West region, where ther is a broad ranga of service. manufactur-ing and agricultural businesses. Counsellors were (and still age) sought hy a variety of means, including advertising and by ommendation.

Their backgrounds need to be in medium- and small-sizbusiness, often as owners of their own companies. Many are retired or semi-retired and bave not only a hroad knowledge of thair own hut can call upon experts to provide specific help and information.

Since 1976, the service bas been extended throughout the UK, being operated through the Dol in England, and through the respective Development Agencies in Scotland and Wales. Today, there are 130 counsellors, each of whom is paid £20 for each day of connselling, plus expenses. A recent Parliamentary answer disclosed that, in 1978-79, the counselling service cost £600,000. The 1979-80 figure will clearly be higher since they will include figures for the last two regional

It is difficult to asses the full impact of the service since more Fund to p time probably needs to be given small firms.

with by counsellors, who may often have more than one session with each businessman in the initial analysis by the

who has sought belp.

The service is broadening its scope all the time. Workshops and forums which initially were held only in major cities and towns are now being run in-creasingly in smaller towns as well. At these sessions, any local husinessman can attend, ask questions and seek advice.

#### On the spot

Often, they find that their query can he deak with on tha spot, but many also are taken a stage further with individual counselling sessions at the local amall firms centre, or even at the businessman'a own pre-

The trend has been for around 70 per cent of inquiries to come from service industry companies. Eighty per cent of businesses concerned employed up to 25 people, with a very high proportion of these in fact employing ten people or less-thus highlighting the extent to which the aervice is actually reaching "small" firms.

A point made recently by a

counsellor at a local forum was that a large number who believed they had a financial problem were under a miscon-ception. Instead, they often could solve their difficulty hy reappraising, with the counsellor, their difficulty and subsequently concluding that, say, they had a production or financial resources.

Post Office Superannuation soon. to provide finance to firms. The finance is

The NEB: Limited

before a comparative picture available by way of equity, plus can be established. So far, more loan—the interest rate on than 6,000 cases have been dealt which is less than market rate More than 100 inquiries have

been received in this region counsellors, the majority have heen rejected, hot five have now been processed by the fund-itself. Of these, two have been approved in principle, two are still awaiting a decision, and

Although no sums are being disclosed by the pension fund. it is believed that the amounts involved where the two dealse bave been agreed in principle are between £60,000 and £80,000 -which is perhapse a bit bigher than many initially expected

from the scheme.

A further nine investment propositions are now in the pipeline. The scheme is, for the pension fund, a pilot project which will be assessed after one year's operation. One of the factors which prompted the fund to set up the project was to establish whether, in fact, a meed for this type of funding actually existed.

According to Mr. Quartane, head of the Post Office fund, the need has already been estab-lished to his satisfaction. But in the eventual determination of how successful the operation is consideration will have to be given to whether there are major administration problems. As Mr. Quartano points out, the assessment of a £50,000

project is time consuming and may require more effort than a £5m investment proposition they had a production or been done by a merchant bank market difficulty which could even hefore the PO fund is he resolved within existing approached. Meanwhile, it is likely that a

The most recent innovation link hetween the counselling in the service is the tie-up by service and another pension the Eastern region with the fund will be announced fairly

## The more I solve other people's space problems, Mr Wagstaff, the worse I make my own!'

'How come. Mr Clark?'

Well, we're doing all the open-plan office fittings for Greening Electronics' new factory. Then we're designing and fitting a complete new filing system for the Memorial Hospital. And we're doing all the office furnishings for the new insurance block in King Street. Not to speak of fitting out Jenny James' new project on the side!'

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'Maybe. But we're so busy we're running out of warehouse space. It's a real headache I can tell you.

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Turned out too expensive, I'm afraid. Would've suited me down to the ground-and into the ground! I've learned to watch my cash flow like a hawk, thanks to you'

Well I think we may be able to ease your cash flow situation by solving your other space

'Which one's that, Mr Wagstaff?' Breathing space, Mr Clark. Time to pay for your new premises in other words. I think that's what you need. Why not call in at the bank and let's talk about it.



Wastaff looked for a way out.

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#### help on offer PROVIDING HELP for small About a dozen of these invest- based firm ments have now been disposed consultants. of. Some have been sold as financial and managerial advice profitable, or potentially profit to any small husiness-willing able, enterprises. But several to accept a £50,000 investment have been closed down because from the NEB, thus helping to

businesses, especially in areas o fhigh unemployment, is one of the primary tasks given to the National Enferprise Board by the Government. This is being confirmed in the Industry Bill now before Parliament and in operating guidelines which will soon he finalised. The NEB's overall role in

industry has been drastically cut back, as has its budget, and its main operating areas in the future are to be assisting companies in the high technology field, helping in the regions, and providing limited finance for small husinesses. All these ventures will have

to he conducted in partnership with the private sector in order to fit in with the Bill and guidelines, and the NEB will also be expected to sell its interest in companies once they have hecome sufficiently viable to aurvive on their own.
In practice, this formalises

hroad policies that, have been followed by the NEB for the past coupla of years, apart from the requirement to sell whereever possible. In the past the NEB has sometimes sold com-panies, but it has also held on to profitable conceros in order to help fund its loss-making

Since it was set up in 1976, the NEB has made about 50 equity and loan investments averaging about £300,000 each in small businesses. All have be nin manufacturing industry, and the number of employees has ranged from seven to 250. There have been several businesses with about 40 employees. There has also heen a considerable number of companies with between 10 0and 250 employees, mainly husinesses seeking fresh investment to finance expansion into specialised premises. .

Engineering, which made medi-. cal scanners; TRE, which made 'investments. liquefied gas cylinders; Vicort. which manufactured equipment; and Pakmet and Mayflower Packaging, both of which produced packaging

successfully helping a company move into new premises is Sandiacre Electrics of Nottingham, which now employs 45 people and makes control systems. Started 10 years ago. it moved around various industrial estate premises but then needed its own specialised factory. Its bank and the ICFC were already heavily involved. and another backer was required for the bank to extend its lending to cover new buildings. The NEB has now invested £165,000. and the company last year made

Another example is Hydraroll which makes equipment for roll-on loading of commercial vehicles: Helped by a £125,000 investment from the NEB, it has set up a new factory in Anglesey and last year made £22,000 profits on sales of £200,000, employing about 10 people.

profit of £30,000 on sales of

The NEB's regional organisations have also set up two specialist subsidiaries to help small husinesses, one of which has been something of a success while the other bas been a failure. The first is Sapling Enterprise, which the NEB has set up jointly with Collinson Grant Associates, a Manchester

of poor performance. The loss solve managerial as well as making closures include J. & P. financial problems. So far, it bas been responsible for three

The second investment is Newtown Securities (Northern) which was set up in 1978, jointly by the Midland Bank and the NEB to make loans to small companies. It has only One example of the NEB made two investments and the advantages of merging the local knowledge of High Street bank managers with the funds of both the bank and the NEB do not seem to have materialised. The NEB is likely to close the project down soon, handing over two investments to the Midland which has expanded its own more general small firms' work. Other financial institutions with which the NE Bhas linked u pin specific projects include ICFC, Barclays Bank, the Small Business Capital Fund, Norton Warburg and Tonche

Moller sur ur 62 or 2261 ur 81. In the past year or so, the NEB has been investing a total of about £5m annually in small husinesses and it is likely to continue to do so noder its new budgetary arrangements which are expected to provide about £10m a year for its combined regional and small firms' role. It has had fewer inquiries about possible projects since last year's general election cast doubt over its future. But its new Board is now finalising its plan for future work and will be looking for fresh ventures in partnership with the private

John Elliott

CONTINUED FROM PREVIOUS PAGE

Moracrest, jointly owned by the relationships than the funds can Bank of England, expressed unuch the same view when the funds and the Midland Bank, to in-house organisations within the pension funds and merchant

pension funds have perhapa the largest direct investment in development -capital situations. Set up in 1974 their industrial finance division, under Mr. Lionel Anthony, the deputy director general, has £75m invested directly in industry.

In common with the other institutions, the NCB funda admit that investments in very small companies, or individual investments below a certain level, are difficult to administer, absorb too much management time and need much closer

One solution to this problem is the establishment of joint venture companies funded by banks, in particular. the pension funds but managed by specialist venture capital

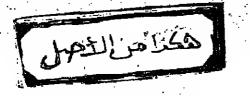
The NCB funds, bowever, are only a part of the patchwork of companies and schemes developed by City institutions which offer loan, equity and development capital to small businesses in a variety of forms. Sir Harold Wilson's report on

small businesses almost cer-tainly hit the nail on the bead when it questioned whether the problem was not one of supply but of information about the supply of finance. Sir Gordon Richardson, Governor of the

much the same view when he said: "I am puzzled by apparent lack of financial inquisitiveness of a number of would be entrepreneurs."...

For this reason, the Bank of England and the City Communications Centre in 1978 published a guide to private and public sector sources of gnance called "Money for Business." More than 200,000 copies of this have already been sold and a new edition should be published this summer. The guide will include a revised directory of the City's and Government's institutions involved in industrial flammes and will be available for £2 from the Bank and the Centre

Christine Moir



Clearing banks wary of loan guarantee schemes

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2 Sat A Market State Sta nd. a property for the assumption force with the property force is whether the property force is the property force in the property force is the property force is the property force in the property force is the property force in the property force in the property force is the property force in the property force in the property force is the property force in the property force in the property force is the property force in the property force in the property force is the property force in the propert Sted Mr. Our Proceedings of the Mr. Our Procedure Services for the Mr. Our Procedure Services for Will have a which can be stated for the Mr. Our Procedure Quarters to make the most of t

Nicholas Le ited

glomerate.

Equally, it might he that a

Among the best credentials postponed. for a management buy-out are a high degree of autonomy it should also be nperating with:

may suffer from some managesoma functions being bandled on a group basis. An injection of such management expertise pany as a pre-condition in funds being made available. The view of many banking organisations

ONE OF the key questions In particular, the interim mium in any guarantee standing about the purpose of does give the impression, at men and bankers, were devisiting a small company and facing the "Government in report from the Wilson Comahceme should be shared. In the acheme "—which was prideveloping its policy towards mittee, gave the debate a new addition, they fear that despite merily designed to aid small really do care about the small company and
writing a report on its systems'
needs, is free to the bank's small companies is whether impetus by recommending that the obvious advantages of a there is a need for a clearing a State backed guarantee guarantee scheme to the small bank loan guarantee scheme- scheme, with a limited subsidy and if so what form it should element and some part of the risk retained by the banks, The clearing banks tradi should be set up on an experitionally the main source of mental basis as soon as possible.

finance for the small company Since the interim report was bave been quick in respond to published last year specific pro-criticisms that they have failed possis bave been put forward by to do enough for this sector of bodies like the Small Businesses scheme and the clearing banks the economy with an increasingly sophisticated package of financial services for the small businessmen. They have how-Bureau and the Union of Independent Companies.

But since the previous up a scheme by themselves came in nothing, it is perhaps not sur-prising that the banks are treading cautiously. The hanks remain uncon-

companies see the setting up of . The hanks remain uncon-some form of loan guarantee vinced that there is a need for a guarantee scheme although lems, caused by what they argue they accept that the provision is an over-cautious bank lending of security against a loan can sometimes be difficult for the

The idea of a clearing bank small businessman loan guarantee scheme is not They also have They also have reservations about whether loan capital is auhject of more serious debate appropriate "atart-up" financa and discussion duing the last and are unsure about how the cost of bearing the "risk pre-

a stake in the company to avoid

a "him and us" situation.
Without doubt, a management
planning to buy their company

out of a group has a better chance of financing the deal than

if they set up on their own from

scratch. Such deals are, in fact, very attractive to banks and

other finance bouses. The busi-

ness they are backing bas a

track record, with established

profit forecasting. And it will

have a top management com-

ment, or whether it is a com-pany forming part of an insol-

-vent group and is being bought

De-mergers as envisaged by

the Government's new measure to ease the potential tax liabili-ties involved, do not seem to fall within the management buy-out

classificatino. In general, de-

mergers will involve splitting a

conglumerate into separate parts, but essentially under the

same ownership—that is, by issuing shares in the split-off

subsidiary to the shareholders

of the parent company.
While hanks and other finan-

cing organisations are sym-

pathetic to the idea of financing

management buy-outs, few have

in fact been done by them. An exception is Industrial and

Commercial Finance Corporation, which is owned by the main clearing banks and the

ICFC's activity in this area

is expanding rapidly. Two years

following year and, although

there have been indications that it is expecting to do 50 deals in

1980-81, it aeems quite possible

that-it is actually targeting for

as many as 80 buy-outs in this

Financing of these deals takes many forms, depending on the

circumstances of the company

and the management involved.

keen to divulge specific sets of

reason, banks are not

Nicholas Leslie

Bank of England.

period.

De-merging

## Management buy-outs

pany immediately become profit- drafted in, it is a good idea for able simply by a change in its the person concerned to be nwnership? The answer is a given the opportunity of buying management buy out.

ever, treated the proposal for a

State-backed loan guarantee scheme with more than a little

O nthe other hand, some

organisations representing small

scheme as essential, if the prob-

new. It has, bowever, been the

policy, are to be overcome...

The reasoning behind this step may sound obscure, but it is, in fact, quite simple and goes like this: a subsidiary within a group of companies is incurring losses and its parent company, feeling that the subsidiary does not quite fit the group pattern, decides to sell it. The subsidiary management are given the option to buy the company. They accept, raise a small part of the business and connections.

purchase price themselves and it bas a professional management probably more skilled in such rechniques as cash flow. and

ings. On completition of the deal, certain administrative functions formerly handled on a group. mitted financially to the com-pany being successful.

These factors would apply whether the buy-out involves a basis — computerised auditing for example—are taken over by the newly-independent company, whether the buy-out involves a lifting a hefty financial group, company removing itself from a service charge from Tits group or whether it falls into a shoulders. In the process, the couple of other categories. These former subsidiary moves back are the independent private company where the owner

This a simplistic though not wishes to retire and sell the entirely theoretical—example of what can be achieved with ment or whether it is a commanagement buy-outs. But it does provide an illustration of the scope availabl when manage. recognised not only by subsidiary company managements themselves and the aenior directors of industrial groups, but also by those financing organisations which are called upon to put up the hulk of the

purchase price in such deals. The increasing pre-occupation with management buy-outs is time to a variety of factors. Among these is the greater reneral enthusiasm for doing wnnr. own thing" in business, rogether with a realisation that this method of hiving off a small company from a group offera one of the best alternatives to an industrial group which wisbes to partialy decon-

There is probably substantial notential for buy-outs among larger companies which have endeavoured to diversify into ago it financed around 10 such deals. This rose five-fold the new areas through acquisitions. but which have subsequently found that their offspring really do not fit into the structure of things as well as they might.

main board does not see anfficient growth potential in a subsidiary—even if it bas some synergy with the rest of group activities—and wishes to release the capital tied up in it to invest

#### Attractive -

However, with a deal for, say, One of the advantages of hte second category is that, from £500.000, the top management buying the company (generally, the subsidiary management's one or two people) can put up point of view it can rely to a as little as 10 per cent of the considerable degree on continuit purchase price, yet will still ing to supply some form of ser- bave a majority holding in the vice to its former parent com- equity. The financing company pany, thus giving it a good base, will buy a minnrity holding, from which to embark as an with the balance of the £450,000 independent concern. As such, comprising a mixture of loan it is a much more attractive and preference shares. The loan investment opportunity for the interest will be related to financing organisation which is minimum lending arte, but there putting up the major part of may be a shart period when the loan is interest free nr just the purchase money.

What is extremely likely is not only that the company be, that, in deciding what type of a subsidiary within a group to finance it is prepared to offer, which it is providing some form the financing organisation will of service of product, but that pay considerable attention to the cash flow projections of the company being acquired. This which makes for a much is largely because, in contrast smoother split from the parent, to the situation with a tradi-There is, however, a fair tional business loan, very little chance that, being in a group, it security can be pledged to such deals. No charge of any sort

ment weakness, be it financial, can be applied to the company's marketing or ntherwise, due to assets because that is illegal. Nonetheless, while this may appear to be a bigger risk than banks normally are willing to would almost certainly be take management buy required by the financing com- in fact considered take management buy-outs are relatively safe.

company, "ver-generous lend-ing" associated with such a scheme, could create its own problems leading to further

criticism of the banks.

Nevertheless, the Governscheme and the clearing banks themselves are "inveatigating the merits of such a scheme."

Some of the clearing banks Givernment's attempts to per are also involved in pilot pro-suade the clearing banks to set jects. One of the most interesting projects was launched last year by the Welsh Development Ager initially in conjunc-tion with National Westminster Bank and subsequently extended to involve Barclays and Lloyds

> applicant "lacked the security man by the High Street hank attempts by the banks to inte-the bank would normally expect or his track record in business was lnaufficient. Loans were to be provided at the normal hank loan interest rates and the Agency was to charge a commitment fee of 1 per cent.

companies with cash flow problems by providing short term

#### Sceptical

The Government is expected to review the workings of the Loans forreased by 90 per cent WDA acheme before deciding last year. Loans outstanding on the shape of any guarantee scheme it might propose. The £350m. banks, for their part, view the scheme as too limited to draw any definite conclusion. At. this stage they remain sceptical but unwilling to rule out the possibility of a State backed scheme altogether.

If the banks bave shown a to respond to other criticisms, the hanks to lend longer.
Business advisory services, Among the more significant hanks.

Under the scheme, the agency agreed to guarantee hank loans

Business advisory services, special loan packages and small equity schemes are now among agreed to guarantee hank loans equity schemes are now among among the major clearers to of up to £50,000 over ten years an array of financial services break with hanking tradition following an investigation if the on offer to the small business- and segment bank lending and

The banks do, in fact, claim they are doing more for the small businessmen and by way of evidence NatWest, for example, says that the take-up of its Business Development

under this scheme now total In common with similar medium-term loan schemes run by other banks NatWest has beld down interest rates on the

loaos at a time when other

interest rates have soared. Last year NatWest extended lack of eothusiasm for innova-tion in the field of guarantee ments over 10 years—a move schemes they have been quick reflecting a major trend among

developments are recent moves

the seminara are now being pleted.

analysed. Lloyds which last year followed the other major clearers hy announcing two new small firm loan schemes, the Asset and Enterprise Loan schemes, lest month appointed Mr. John Kirkwood, a local branch manager, to he the bank's small business finance adviser.

#### Crash course

His task will be to advise the Bank on the development of the existing range of ser-rices tailored to the need of small enterprise and on the design of new products to meet the needs of smalt firms. Barclavs Bank has followed up per aps the most striking initiative—sending 2,000 of its 3,000 hank managers on a oneweek crash course in hasic management accounting run by the accountants, Arthur Anderson-with systematic training of its managers in how to look at small husioesses in a more sophisticated fashion.

Barclays also runs a Business commitment fee of 1 per cent otd ideas in an attractive way. across the country on the Advisory Service for small — funds for independent per annum flat.

Nevertheless, the range of theme of "How to Build a Advisory Service for small — funds for independent theme of "How to Build a Advisory Service for small — funds for independent theme of "How to Build a Advisory Service for small — funds for independent theme of "How to Build a Advisory Service for small — funds for independent theme of "How to Build a Advisory Service for small — funds for independent theme of "How to Build a Advisory Service for small — funds for independent theme of "How to Build a Advisory Service for small — funds for independent theme of "How to Build a Advisory Service for small — funds for independent theme of "How to Build a Advisory Service for small — funds for independent theme of "How to Build a Advisory Service for small — funds for independent theme of "How to Build a Advisory Service for small — funds for independent theme of "How to Build a Advisory Service for small — funds for independent theme of "How to Build a Advisory Service for small — funds for independent theme of "How to Build a Advisory Service for small — funds for independent theme of "How to Build a Advisory Service for small — funds for independent theme of "How to Build a Advisory Service for small — funds for independent theme of "How to Build a Advisory Service for small — funds for independent theme of "How to Build a Advisory Service for small — funds for independent theme of "How to Build a Advisory Service for small — funds for independent theme of "How to Build a Advisory Service for small — funds for independent theme of "How to Build a Advisory Service for small — funds for independent theme of "How to Build a Advisory Service for small — funds for independent theme of "How to Build a Advisory Service for small — funds for independent theme of "How to Build a Advisory Service for small — funds for independent theme of "How to Build a Advisory Servic

really do care about the small tion exchange" on how Lloyds needs, is free to the bank's company.

Bank could help small comcustomers. So far, some 6,000 panies develop. The results of full reports bave been com-

Earlier this month, Barclays became the first clearing bank to support the Government's drive to encourage private sector finance to help build factory units in the Assisted Areas. As a result, Barclays is to invest £5m in nursery units built by the English Industrial Estates Corporation.

However, despite these intia-tives it is the Midland Bank which is generally accepted as having led the field in doing things for the small company. Last year. Midland set up the Independent Business Banking Unit to "co-ordinate Midland Bank Group's exiating services to small husingses and to act as a focal point for research into and development of further

One of the unit's first tasks was to administer the first 20year loans, introduced last year hy the hank. The long-term loan scheme provides loans ranging from £20,000 to £500,000 over periods ranging from 10 to 20 years and is designed to provide funds for independent husinessea" which due to limitation of size, bave no direct

already been a good demand for fixed or floating interest rate charge.

Although some of the banks, particularly Lloyds, have steared clear of becoming involved in equity financing preferring instead to direct companies to the Industrial and Commercial Finance Corporation in which the clearers are the major shareholders, Midland has also pioneered this field of hanking activity at the small company.

Midland is involved in a series of companies willing to take a minority equity stake in small businesses. The hestknown is Moracrest, jointly owned with the British Gas pension fund and Prudential Assurance, and Meritor, jointly owned with the Rolls-Royce pension fund.

However the hank's experience of equity finance funding has been disappointing. Midland is thought to have invested less than £20m in this way in fewer than 50 projects. It appears, therefore, that the small businessman prefers to bnrrow money-despite hls criticisms of bank lending policy—rather than sell an equity stake in hia

Paul Taylor

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More help for business. At the sign of the Black Horse



John El-

## Hire purchase and leasing help provide assets

INFLATION and high interest to productive use while limiting any further allowances unnecescharges have made the pro-vision of capital assets by ont-can thus—subject to the builtyears. This is at least so for increase its return and cash-those which need to borrow any flow in the early years. In substantial proportion of their inflationary times it is, of working capital. After all, the gross profit return on invest which is so priceless to the gross profit return on invest which is so priceless to the ment in new plant has to be smaller company fighting to considerable if it has to cover control working capital. 20 per cent or more for interest before direct operating that the tax advantage lay with costs, depreciation, overheads, capital pay-back and reasonable the

corporate treasurer of the large company can increase cash resources, or achieve significant savings, by operating to the limit of suppliers' credit.

was the acquisition method most commooly use up to, say, the early 1970s because it had several attractions. Most obviously, the cost of purchase was spread over a period of, usually, three or more years. This enables the purchases/user to put the whole of the asset

right purchase very expensive in financing cost, a known factor for amalier companies in recent when entering into the contract

In the past it is probable also hire purchase. In the days of the investment allowance, a risk return.

Hire purchase and leasing finance have therefore supplied a growing need, especially for the smaller company bearing the brunt of the cash control of the larger customers. The corporate treasurer of the larger considerations still apply to the 100 per cent first-year allowance available on most plant except motor cars and buildings.

depreciation of ships as to make

tive leasing terms which effec- on. tively utilise the allowances the lessee cannot otherwise use.

Shipping and container companies bardly qualify as smaller companies, but the principles established on the containerleasing hoom were soon followed by a decision of the Special Commissioners of Income Tax that leased motor-cars could also attract the 100 per cent firstyear allowances in the hands of a lessor because, to the lessor, they were plant.

#### Fringe benefits

Just as the first push towards containerisation bad hoosted the leasing trade, therefore, this decision - not widely known It is motor-cars and con-tainers, in particular, which of the "specials" are not re-have dynamised the market for ported — spread like a bushfire. The main container Its importance took on a whole users, shipping companies, have ne wmeaning in the days of pay oever oeeded the tax allowances pauses, freezes, phases and re-on smaller items of their assets straints. Fringe benefits were because they bave enjoyed such with us; and the secood biggest large allowances on the free of them all (after pensions) were cars. These were not only

any further allowances unnecessary. Leasing provided the perhitherto, but for senior manafriance Bill). The latest infeet answer. The lessor can
gers, middle managers, junior stalment has been a whole the smaller company lessee in a as Micawher said, was misery
that cash might be put. Comparing HP and leasing will
therefore able to quote competitherefore able to quote competisenior managers' wives, and so Chancellor's Merch Redget

Takket of the up inexorable despite "cuts"?) livery, were found to be owned

But this begs the question of
the alternative uses to which
the smaller company lessee in a as Micawher said, was misery
that cash might be put. Comparing HP and leasing will
therefore able to quote competisenior managers' wives, and so Chancellor's Merch Redget

Takket of the up inexorable despite "cuts"?)

Indeed, the inthe creditors. therefore able to quote competi- senior managers' wives, and so

> for Government. Pensions range Bill are contained in clauses 60 from good to excellent for the Government's and local authorities' own employees, but are only patchily available in the privaet sector. Cars are the reverse: you have to be a very senior civil servant to enjoy occasional use of one, while approximately 70 per cent of new cars are reckoned to he bought by husiness. A great many of these must be leased.

> First, there was some tightening it himself. He must also be up of the more outrageous uses of leasing which were providing large tax-free henefits and circumventing distribution tax the lessor covers cases of shortlegislation for close companies. term rentals.

> Next, there was a restriction of the 100 per cent FYA's for seem designed to discourage leased cars. This, however, has public bodies such as local and had only a marginal effect on area bealth authorities from the cost of such leasing and was the leasing market which many

Chancellor's March Bndget.

The important provision in to 70. These are, as might be expected, detailed and complex. Some detail may well be altered in the course of the Bill's passage. The important change requires that to qualify for 100 per cent FYA, the asset must be used for a qualifying purpose.

Qualifying purpose can be demonstrated if the lessee would have been able to claim Action bas now followed. 100 per cent FYA had be hought conducting a trade in the UK. The only other circumstance in which the FYA is granted to other charges.

Effectively, these provisions

affected. Indeed, that is the intention. Other fiscal measures which is far from popular in Here lay a difficult problem the recently published Finance will reduce the attraction of many quarters, is to show the leasing for the private indivi- leased assets in the lessee's dual who has been using it, balance sheet as well as the out- corporate assumptions about

> However, this source of leasing finance will probably be comfortably absorbed by the big the tax treatment would accord banks, and their finance subsidiaries, who would much rather lend money in this way. They receive the caiptal allowances against their profits; they make better reurns than on overdrafts and control the asset legally without all the problems of debentures, mortgages and

#### Miserv

This is the rnh. The accountancy bodies bave been worryfinance," as it is called. The problem was highlighted by the in any case avoidable according have been increasingly using to crash of Court Line, the travel to one method of calculating the avoid the impact of expenditure airline operators. Subsequently, allownces (not as yet conceled reductions on capital budgets, the operator's jet aircraft, by the Inland Revenue and now (One reason why local rates go widely seen in the company

The accountants' answer. and his wife, in a nice little standing liability. This applies to financial leases which are deferral of some of the recent years' highest personal tax bills. for a greater proportion of the Inland Revenue have said that with the legal documents rather than with the accounting treat-

ment in this instance. There is a conceptual difficulty for many people in bring-ing into balance sheets figures representing assets which are not owned by the business. On the other side, this may be seen as giving a greater degree of realism to the accounts because they will then show all the assets in use.

There are no general rules to compare the comparative costs of buying outright, leasing or HP. It is almost certainly true that a company with its own cash resources would find lt. cheaper to huy outright than London nffice of Dearden use either of the other methods. Farrow, chartered accountants

depend on cash-flow projections for the quotations obtained at the point of investment. Those cash-flow calculations must ingeneral levels of interest, taxation rates, allowances and payment dates, as well as assumptions specific to the users business such as actual sources and costs of finance. At least the CCAB proposals may make the effect on balance sheets more

comparable. In the meantime, while money is tight and expensive and profits hard to come by, financing re-equipment by hire purchase and leasing seems to have long-term growth pros-pects. These methods bring together in the market those who have the resources with those who have a need to use them in a way which can be less fraught with friction than floating debt.

David Tallon

## Budget aimed to improve climate for 'having a go

ON THE face of it, one of the However, what the Chanbest items of news recently for cellor's move has probably the venture capital market was the Budget proposal in March for personal losses incurred on investments in small private companies to he allowable better regard which exists in against income tax. Over the America for those prepared to past couple of years, as arguments about the need for/ lack of/terms for venture the public attitude but also the capital have raged on there has outlook of Government. often been speculation over first, whether such a measure would he introduced-even by a Conservative Government and, second, how effective it years been more widely avail-

would be. tion that exists on how many there was a substantial weeding new company start-ups each out of sources of such money in year are backed by private rather than institutional money, It seems unlikely that

done, first and foremost, is to improve - just a little - the climate for start-ups, which is hopefully a step forward. It bas often been said that the "have a go" is a feature which differentiates that country from

Availability of venture capital—that is start-up "risk" finance as against second-stage development" capital—has for ould be.

Goven the dearth of Informa
able in the U.S. than in the U.K. although in the early 1970s the States-after the beady days of the 1960s—when the market turned down and capitalism suffered venture

venture capital companies. However, while the venture capital market in the U.S. subsequently recovered, its nature changed and, these days, they have become uch more selective. For the most part they are very substantial growth poten-

technology areas of electronics.

The market bas also been changing on the Continent, certainly among the bandful of institutionally-hacked venture capitalists which three or four years ago were making a concerted effort to build up port-folios of investments in new companies across a reasonably wide spread of activities, though with leanings towards low rather than high tech-nology-based concerns. Now, it appears that within the last year or so these venture capitalists in France, Germany and Holland have been through a period of re-thinking their strategy and retrenchment.

Meanwhile, in the UK, there

strictly accurate, what seems more likely is that some long-established an dmore recently set up development capital companies have been showing a willingness to back small companies with second stage financing at an earlier point than they were previously prepared to contemplate and backed with less security than previously demanded.

#### U.S. expertise

One of the most recent developments has ben the setting by Pilkington Brothers, Britain's largest glassmakers, of a venture capital company called Rainford Venture Capital Pilkington bas pnt up nearly £1.4m of the £2m that Rainford initially has available Investment. Prudential lenm and Industrial and Commade in small companies in the St. Helen's area in Lancashire where Pilkington is hased.

Significantly, Pilkington turned to the U.S. for management expertise. Venture Founders, a new UK offshoot of Venture Founders Corporation, of the U.S., is the management company. Its managing director is Brian Haslett, who although British born has spent many years in venture capitalism in the U.S.

Rainford will, though, be very selective with its investments, spending a lot of time on checking out the potential of each project and staying in close contact when the in-vestment has been made. Such an approach is believed by many in the UK to be too expensive an approach, and one prominent UK financier was prompted to describe Rainford "an interesting experiment."

Many of the UK's clearing hanks—which already provide the bulk of business funding through overdraft facilities-

small companies with longerterm money than might previously have been available.

Willingness Institutions such as pensioo funds and investment trusts bave also showed greater will-ingness to cater for the needs of small embryonic companies. An interesting development on this froot was the Post Office Superannuation Fund joining with the Eastern Region of the Department of Industry's Small Firms Counselling Service last year to make funds available. Two investments have either been agreed in principle, or are on the point of heing sanc-tioned, and similar link-ups are being organised in other

But the actual numbers of investments being made by these offices. Whereas at one time the institutions are still relatively majority of executives would be small, certainly where start-up accountants, now their disciventure capital is concerned.

The bulk of early-stage risk graduates, financing is still supplied by others.

has, if anything, heen a mercial Finance Corporation have become more active in just two institutions — Industroadening of the venture each putting in £50,000.

fashioning packages that, if not trial and Commercial Finance capital field—although, to be Initiall, investments will be start-up capital, may provide Corporation and its subsidiary, trial and Commercial Finance invests by way of equity— Corporation and its subsidiary, though it doesn't ask for Technical Development Capital) and the National Research Development Corporation.

ICFC, through its network of some form of loan. offices around the country, last The NRDC, on the other year funded over 250 start-ups, hand, operates on a somewhat ness with a short track record) and supplied many more with endeavours never to reject what it sees as a worthwhile proposition. It has certainly adjusted itself in more recent years, no doubt due partly to pressure from competing institutions like the NEB, to meet the needs of small businessmen by having a far broader spread of expertise in its regional plines take in business engineers

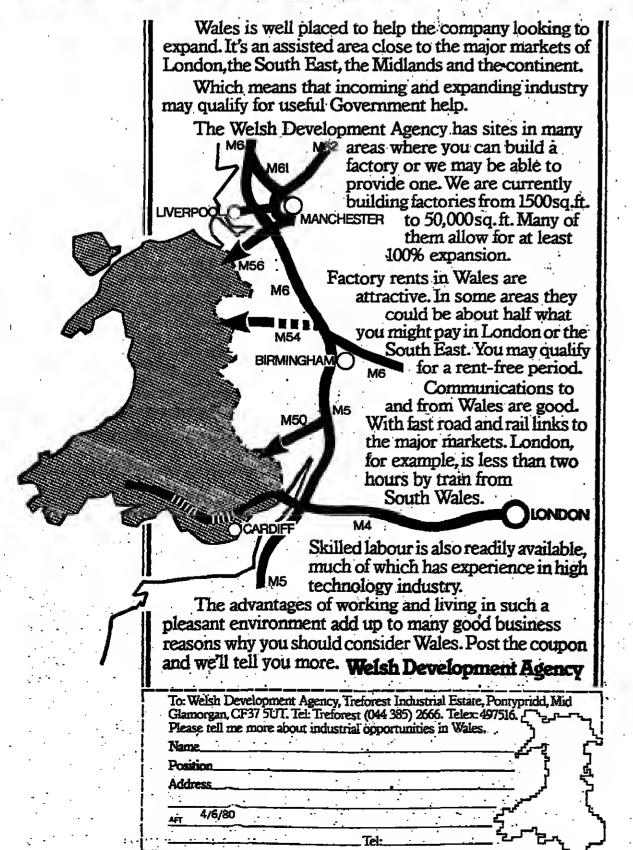
majority stakes, usually aiming to seek up to around the 30 per cent mark-together with

The NRDC, on the other (though that can mean a busi- different hasis, since it invests essentially in projects which represent some form of techdevelopment nical and innovative advancecapital. Though it is occasion-ment. This may mean it will ally criticised for turning down provide funds, may be equity what are believed by some and loan, to a new company and loan, to a new company observers to be good invest-ments, ICFC helieves that it backing a project in a larger concern.

The corporation's other means of financing is to provide funds on a step-by-step basis, with its return being based on a percentage of sales of the product being developed. The point about this method is that, if the product fails to find a market, the NRDC has to bear the loss. The company developing the unsuccessful does not have to repay such project

Nicholas Leslie

# THE BUSINESS ADVANTAGES OF WALES.



## Allowing entrepreneurs help on taxation

little was given away. A series nessmen was anounced, however, and while the total value is estimated at only £160m in a full year, the changes represent a significant shift in direction. The oew rules mean that the State is no longer going to exact the last penny in taxation from adopt a more relaxed attitudein keeping with the Tory philosopby of giving tntre-preneurs elbow space in which

The key concession is in close company legislation. At the same time it becomes much easier to lend to small companies and to write off investment in them for tax purposes. The small companies' rate of corporation tax was reduced from 42 to 40 per cent and the VAT registration threshold raised from £10,000 to £13,500. The whole concept of close

companies is severely under-mined in the lossening on the rules on apportionment, which have been in existence for the income is concerned, apportionment—the treating of undistributed profits not needed for the maintenance or development of a company's husiness as if they were distributed-is abolished entirely.

While apportionment will still be applied to investment income, the threshold bere is raised from £1,000 to £3,000, and in practice it should be possible to ensure that income falls into the appropriate category. The relief does not extend to estate income, bowever, of which 50 per cent will still have to be distributed unless it can be shown it is needed to develop the business. The reson why this concession—at which many businessmen will breathe a sigh of relief-ia not worth more in money terms is that trading profits in recent years have anyway been reduced by the effects of first-year allowances and stock rellef.

Investment in the share capital of close companies will be encouraged by the relaxation of the rules governing tax relief for interest paid on horrowing. Provided that the investor already bolds, or by reason of his investment acquires, 5 per

THE MARCH Budget was a capital of the company, tax from now on they will be sombre affair, in which very relief will be available. The treated as incurred on the first requirement that the borrower must also work for a greater part of his time in the company is abolished. Similarly, relief costs of raising equity capital can be obtained on funds remain disallowable, as does the borrowed to lend nn to close companies in such circumstances.

A further encouragement which will apply to equity investment in all unquoted trading comnanies, whether close or not, is the provision of income tax relief on share losses. The loss must bave arisen either from the sale of the shares on arm's length terms, or from the liquidation of the company or as a result of a claim that the shares have become worthless. The shares themselves must have been acquired by subscription at full value. The companies must be resident in the UK, while those dealing in shares, securities, land or commodity futures are specifically excluded.

#### **Pensions**

Another front on which the Chancellor provided belp for small businessmen was on pen-sions. Sir Geoffrey Howe said: It is important that the selfemployed should be able, with tax assistance, to make adequate provision for their retirement." Accordingly the limits on retirement annuity relief were raised, with the normal percentage of earnings qualifying for tax relief going up from 15 to 171 per cent and the £3,000 ceiling on the premiums for relief being abolished.
A small workshop scheme was

introduced, to run from three years from the date of the Budget, in which 100 per cent first-year capital allowances for huilding small industrial build-ings will apply, rather than the normal 50 per cent initial allowance. The allowance will also be given on the construction of industrial buildings rather than on their first letting. as was previously the practice.

Small companies will also benefit from measures that were mainly directed at big business. The main relief bere concerns pre-trading expenses such as salary, establishment and utility costs which are incurred before the trade has commenced for tax purposes. These expenses were previously cent of the ordinary share not allowable againsts tax, but

treated as incurred on the first day of trading and therefore be allowable. Raising loan finance will also qualify, although the remain disallowable, as does the cost of convertible loan stock if it can be converted within three years of issue.

Finally, small husinessmen may be able to take advantage of the establishment of half-a-

"enterprise. where theire will be 100 per cent first-year capital allowances for all industrial and commercial buildings and complete relief from Development Land Tax. These tax con-cessions are tied to others, such as 100 per cent de-rating and aholition of all industrial development certificate pro-

David Freud



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Vicholas Lab

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Institutions are gradually filling the financing gap left by the decline of the family investor in small businesses. These articles examine three case studies of instittutional help from ICFC, the NCB pension fund and the NEB-and also examine the role of the "Aunt Agatha" family benefactor.

## When potential lies in ability, not assets

INDUSTRIAL AND Commercial sidiary of Finance for Industry, must be one of the major sources for small company finance. It was started shortly after World War Two and is \$5 per cent owned hy the Eng-Scottish clearing banks and 15 per cent by the Bank of England. In its time, has invested more than

3,000 companies One of 1CFC's recent invest-ments, through its auhsidlary, Technical Development Capital. has been a company called Logal Associates, a Henly-based operation which has matched engioeering skills and computer programming ability to produce an unusual consultancy for the eogineering industry.

The company was formed as a hosbaod and wife partnership in 1974 and last year it was incorporated as a limited com-

Finance Corporation, a sub- engineering grounding in his calculating wages and bonuses. Africa before becoming a suming snd boring occupation. planning engineer for Wilmot At the risk of overslmplifying

Engisnd. In its time, for measuring production times use of computers, turn this as invested more than in mechanical eogineering, data into a detailed manufac-At present, it has a After being "head bunted" by turing analysis—putting "techtotal of £330m invested in in- ICL, his computer experience nical drawing into the end dustry, represented hy over was broadened, but he felt the product," as he describes it. The cash restraints on ICL, st that system, which he calls "Locam, time. limited the company's will take the drawing and proability to expand in the direction Mr. Logan was particularly ing - process description, interested. Thua, in 1973 he ideotifying the manual skills, moved to the Italian subequipment and time required sidiary of a U.S. company, at each stage.

Science Management Inter- By using the system, the

> Work measurement is essenooly does management need to know how long each joh will than hy manual methods.
>
> Mr. Logan's first clients were coating and estimating, but it in Italy, while the hreakthrough

However, the board, uoder

executive, believed in the com-

receivership and into the handa

force and a turnover, at that time, of around £7m, Atcost-

could not strictly he classified

as a small husiness, hut its

executives, who planeed to try

and take over the husiness

themselves, certainly qualified

as small businessmen: They

had previously been employees

without an equity stake in the

business. Their own financial

resources amounted to personal

savings. Their route to eventual

control of Atcost, therefore, is

From the time of the crash Atcost's financial affairs were under the direct control of

Cork Gully which, as Mr. Stuhbs

readily admlts, provided con-

siderable support and was enthusiastic about the execu-

tives' plans. So, too, was Lombard North Central, the

company's main hank creditor.

Fer all their support, how-

useful case study.

Given the size of its work-

Frank Logan obtain his also needs the information for father's sheet metal company. The trouble with work measure-Later, he worked in a number ment is that, while it needs of iodustrial concerns in South skill, it is often a time con-

At the risk of oversimplifying a highly technical process, Mr. There, he became increasingly Logan's idea involves the use of interested in using computers drawing office's designs and, by duce a step-by-step manufactur-

By using tha system, the national, hut he soon left to industrial engineer can allow atart on his own husiness. large proportion of the clerical element of the joh and the analysis is provided much faster

GEC Machines in Rugby in but not subsidiary.

System, installed the software.

Last year and trained 45 people at GEC straight 16 per cent loan of later this year and in the future in the system's operation. The 531,000, invested £4,000 in a there is the possibility of fee was £85,000, spread over a 28 per cent equity stake and vertical integration so that the year. The exercise established provided hire purchase finance company will evolve "turnkey" Mr. Logan's company in the on new equipment for a further projects. Wadkin, Weir Pumpa and

recently, Ford, bave followed.

Nervous

Success brings its problemsand often it is a shortage of . While the company was adding to its list of clients, it was facing large costs for training and Mr. Logan was development installation. Mr. Logan was financially "up against it at this stage and he approached the usual sources of finance for help. New ideas tend to make financiers nervous and here was a husiness hased on ability. rather than hard assets which could be sold if something went a definite place for the wrong. Most of those Mr. Logan "Locam" system. Demand can

-but not so ICFC's technical

Mr. Logan's company in the on new equipment for a further projects. UK. Other clients, such as £45,000, There is still another Eventu £20,000 available should Logan Associates need it

—it had the money and and established reputation for helping small businesses.
Why was Legan Associates

attractive to ICFC? Mr. Ian Armitage of ICFC takes up the story: "Firstly, there was the man's experience as an ·man's engineer and as a computer consultant. Also, while the company had a ahort track record it still showed good profits potential. Finally our in-house technical advisors in-house examined the business and saw

in the UK came with a joh for approached were not interested only increase."

- but not so ICFC's technical With ICFC's hacking, Mr. Logan ages his company.

Last year, ICFC put up a moving into the U.S. market

> Eventually, Frank Logan sees that there might be a case for wider ownership, but this is not It is obvious why ICFC was seen as a short-term aim, either attractive for Logan Associates by Mr. Logan or ICFC which is adopting a policy of investing more in software firms. Initially, the aim for ICFC is to see the loans repaid and a dividend on

the equity. Beyond that, the financiers want to be in at the start in what they see as a fast expanding company. Last year, Logan Associates made a profit of £46,000 oo a turnover of £150,000 and according to Mr. lan Armitage, Logan Associates could double its turnover in the next couple of years.

Terry Garrett

## NCB pension fund to the rescue

stake.

IN 1974 the Ronald Lyon coostruction to property group hands of Cork Gully as pany's future and tried to receivers. With it crashed devise schemes which would Atcost, a wholly-owned sub- hriog the company out of sidlary specialising in standard concrete frame huildings for industry and agriculture.

Atcost was a substantial husiness with a 30-year tradition. In the 1974-75 financial year it had made profits of £400,000 pretax on a turnover of £6m employing a staff of around 600. Its immediate problem following the collapse of its parent company was the need to repay a £250,000 inter-group loan. A number of potential huyers looked the business over but no firm offers eventuated, so the business was carried on under the supervision of the receiver.

At that point, the couotrywide recession began to hite on the order book and by the 1975-76 financial year Atcost, with heavy borrowings of its own, was showing pre-tax losses of the same size as the previous year's profits.

> ever, no workable scheme could be devised until 1978 when Mr. a private venture capital investment group, headed by Mr. Hugh Armstrong. Mr. Armstrong put the men

in touch with the National Coal heen investing directly in finance division. In addition, the industry since 1974, but to date NCB funds meet the Atcost had not carried out any form of hoard about two or three times

The pension fund took only package devised hetween its managers and Development Capital. Under the scheme the executives were giveo 52 per cent-and control-of Atcost, while the NCB funda took 42 per ceot and Atcost's own penaion fund hought a 6 per cent

The details of the scheme were complex. The NCB funds' equity investment was to be in ordinary shares hut ones which carried a preferred dividend . lioked to a proportion of profits over a certain level. In addition, it offered a normal fixed rate dehenture. If the interest or dividend are not paid the funds have options over sufficient of the remaining equity to give them control of the company in case things go badly wrong.

Profits up

The package proved to be the turning point of Atcost's for-tunes. By September, 1977, profits of £100.000 pre tax could he seen, growing to £296,000 by 1978 and £383,000 last year. Turnover also rose from £7.7m In 1977 to £14m last year and the employee roll rose to 800.

The NCB funds continue to with the company. Dr. Peter Palmer of Development Capital Is the fund's representative on the board. He reports quarterly to Mr. Llonel Anthony, the NCB's deputy director genral Beard pension funds, which had and the head of its industrial

There are tentative plans for Mr. Michael Stubbs, the chief three weeks to approve a Atcost to be floated as a public comany but, at present, these of the hoard and the NCB funds rather than an immediate pro-gramme. Meanwhile, as Mr. Stuhhs says, "the relationship is marvelous," though he adds cautiously "of course we've heen doing well, until now."

Growth so far has been organic, hut the next phase is for a degree of diversification. The first move along these lines. is the recent acquisition from its receivers of Barvis, a small Norwich company with a staff of 70 producing specialist preconcrete structures for major huildings. Including an injection of working capital, Barvis cost Atcost £150,000 which came from Atcost's own internal resources.

Another acquisition planned, but the cost will not be so easily met. It is likely to involve the closure of an existing factory with the loss of 60 jobs as the building stands on four acres of industrial land which could be more profitshly utilised for industrial develop-

look as untroubled as it has done | ward or going hack." meanwhile the pension funds and the new owners of Atcost describe themselves as very content with their partnership. The success so far as certainly helped to accelerate the funds' involvement with other forms of direct equity investment in smaller husinessmen's dreama.

Christine Moir | rigorously enforced, he saya.

## A small concern growing too fast

RIGBY ELECTRONICS is a But Righy's borrowings were Manchester hased company reaching 75 per cent of net (turcover: £500,000) in which ssets the upper limit agreed the National Enterprise Board bas held a £75,000 atake since when you're huying an enmor-Fehruary, 1979, with an unexermons machine is not so had. £75,000. It was one of the first understandably get very companies to join the NEB's nervous," says Mr. Righy. Sapliog Scheme, which is a joint venture between the NEB and or less by accident, says Mr. Collinson Grant Associates, to provide guidance to smaller companies handling problems associated with rapid growth.

Rigby Electronics was founded in 1972 by its present managing director, Mr. Brian Righy. manufactures electronic high-vacuum equipment, sequen-tial control equipment, and in-fra-red machine guards.

International

When the NEB moved in, says Mr. Rigby, "the company, was expanding at a rate which couldn't be funded from profits. At that point, life may not It was a question of going for-

a local electronic sub-contractor to the producer of a range of products with national ultimately, international sales The machine guards potential. produced by its Electroguard subsidiary, were developed to state of the art" level, with increasing sales potential as safety standards hecome more

with its hankers, Midland:

cised option to invest a further But wheo it's for design, they

The NEB link-up came more the management consultants, Rigby. His company had a technical agreement with another, local firm, General Electronics, which approached the NEB. Rigby and the NEB became acquainted, and it was mutually felt that Righy Electronics would fit well into the emergent Sapling Scheme.

Mr. Rigby declines to disclose company profits. But, he says, the sales of machine guards, where the NEB money was mainly channelled, have doubled year-on-year, and will account for around half next year's group sales.

The Sapling Scheme involves monthly consultations between Mr. Rigby and representatives performance is ... reviewed, together wilb projections for the next three months.

"I outline a profit and loss account, a source and application of funds and a balance sheet every month. That is one the advantages. conple of days I look at the situation from a strictly factual point of view," says Mr. Rigby.

The Sapling Scheme does not call for "any 'aay' in ultimate decisions, or any influence, except hy intelligent comment," says Mr. Righy. "What I find advantageous is that discussing thines with somehody outside the company, von look at things differently. We were doing this sort of thing before the NEB came in, but now it's more formalised.

If an NEB share sale were to ioclade the Rigby holding. it wouldn't change us, hecause there are plenty of people who would want to huy the holding. Although small, we're in a high-technology aituation," aaya Mr. Righy. But he sees the Board as providing the Government with a valuable vehicle "for stimulation of skills, to allow high-technology companies to go forward."

Robert Cottrell

## Still a role for Aunt Agatha

hut just how well she is is open to question. There was a time when she would have been happy to lend a portion of her capital to a favourite nephewmight get some appareotly hrilliant husiness idea off the ground. Her reward, with a hit good fortune. would then or take bigger risks. have been sufficient income or capital appreciation for her to see out her old age in considerable comfort.

But, these days. Aunt Agatha is essentially a term used to describe any relative, friend or acquaiotance who is prepared to put up money to launch a new venture. It is highly unlikely that there are that many aunties with large amounts of unfettered capital to fund the creation of a company.

Not that it is oecessary to have completely unfattered cash to invest in some amhitious scheme. Aunt Agatha could just as well pledge some of her assets to guarantee hank loans to one of her relations and this is, indeed, a method of finan-cing that is used in the UK and, prohably to a greater extent, in the U.S.

But, given the multitude of alternative, and safer, investment opportunities that have hecome available in the past 20 years or so-particularly with the growth of investment trusts and unit trusts and other insurance linked schemes-it is queationable whether Auntie should in fact even be considering taking such a risky atep as investing in a company start up when statistics show that as many as 80 per cent or so fail within a few years.

While the private investor in new ventures is, it appears, far from extinct, his nature has probably changed somewhat over the years. He may well have made his fortune from starting up his own business, but rather than looking within his own family circle for likely ventures to hack, he will be casting his net rather more

For him, the fun is much more in finding an original product to hack, rather thao financing some young relative's small

AUNT AGATHA may be alive, engineering or retailing husl-hut just how well she is is open ness. Yet, if it is originality he is looking for he will, in fact. he competing with institutional inveators. For that is precisely what pension funds and other olece in order that they financing inatitutions also ara ght get some apparently looking for Therefore, he will have to settle for somathing less than ideal or offer hetter terms

Write off

Of course, with the absence (until the recent Budget pro-posal) of any means to recoup investment losses personally. the majority of "Aunt Agathas" probably do not make their investments out of private savsmall husinessman aeeking a promising project will invest in it through his company. This way, if the investment faila, he can write the losses off. It is an interesting point whether the proposal will, in

fact, eocourage more private iovestmeot in amall companies. Many observers of this par-ticular market doubt that it will, partly because they feel that those prepared to take such a risk already have the means (such as a huaineaa of their own) to do so with less personal

In the past few years, as the argument about whether there is sufficient venture capital

ings. Instead, the auccessful available has taken place, it has repeatedly heen argued by the institutions that it is not their joh to provide the seed capital that is used to actually get a huainess off the ground. They maintain that, traditionally, this has been the role of the "Aunt Agatha."

Although a number of institutions bave made encouraging noises about heing more willing to help the small husioessman to make a success of his venture, it seems unlikely that any largescale shift in this direction will take place among the institu-tions. "Aunt Agatha" will always have her place.

Nicholas Leslie

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## Where to go for export finance

their way in foreign markets have a comprehensive range City establishment, such as the discounts houses and export and confirming bouses, to the six months. Even in normal 60-year-old Government-created markets, applications are taking Credit Guarantee six to eight weeks for process-

The clearing banks, as a group, also play a central role in providing export finance through their international subsidiaries, and special factoring companies, too. are important in offering schemes by which exporters can offset their trade

The ECGD is the single largest operator in the field, however. In its last financial year, to April, 1979, it insured total of £14.5bn worth of exports, a 12 per cent increase on the previous year.

But the costs of its insurance policies are becoming less attractive to the smaller exporter. In mid-February, the EGGD doubled the premium it charges for bank guarantee of products.
facilities for goods sold on an open account, from 25p per £100 Unhappy

The reason is clear in last year's profit and loss account for the ECGD, Claims paid out during the year amounted to £134m while premiums received were only £108m.

The ECGD internal investigations have revealed that one major clement in the shortfall was open account husiness which has been increasingly losing money over the past five years or so largely due to the insolvencies of British exporters.

Export husiness, based on hills or nates exchanged but carried out between exporters and buyers with close associations, will carry a similarly premium. again insolveocies. Normally, bills of exchange provide the EGGD with specific protection in case of a collapse of one party, but where the two parties are inter-linked the security is frequently ineffec-

Despite the Increase in costs. however, most exporters find the protection of an ECGD scheme invaluable in raising finance from their banks. A further attraction is the experience the ECGD's long track record can provide as to problems which can be expected In markets or with companies up a new export market in rethe exporter may not person- turn for a levy on sales which ally have encountered before.

ECGD, on the other band, is in minimum the time taken to process their £20,000 and the maximum of export finance facilities open applications for export cover. £100,000 over five years. to them, from the 20-year-old In difficult overseas markets. exporting groups have com-plained, processing takes up to

> been considered usual. The ECGD's problems are most common Government-associated organisations: the need to cut costs. Although the department does not require State-financing. It has been expected to cut staffing and services levels across the board since the new Government instigated its programme of reduction of public bodies.

One area of services over which the knife now hangs is the EGGD's lesser known overinvestment ioaurance scheme. This was established to provide cover for companies entering foreign markets by projects or investments in those markets rather than hy export

#### Unhappy

EGGD executives have not been happy with the scheme for some time and the £60m of claims recently paid out on Iranian projects insured under it has intensified their desire to close the scheme. It would save johs, they argue, and in any case it is too risky. Meanwhile, the scheme is in existence and could provide a aource of finance for certain overseasoriented companies.

The British Overseas Trade Board, another valuable source of aid to small, new exporters, has also heen told by Government to cut its budget and staff, and increase costs to its

The biggest cuts will be made to services to large overseas contracts but there is also to be nearly £1m saved by increasing charges to companies. exhibiting at overseas trade

One important service, however, has escaped the cuts-so far. This is the BOTB's Market Entry Guarantee Scheme which is designed to help companies entering foreign markets.

Introduced in 1978, the scheme has now offered financial support to 172 applicants. It can provide up to 50 per cent of the costs involved io setting Where exporters have cause BOTB with a commercial re. Another

SMALL BUSINESSMSN making for complaint against the turn on its investment. The

The EGGD and the BOTB between them provide valuable sources of permanent insurance and aid. One of the roles of the clearing banks bas been to complement this by more eventing whereas 10 to 14 days had orieoted export finance.

> Under such schemes the banks obtain their own cover from the EGGD an dthe exporter merely applies to the bank without having to arrange prior cover with the ECGD.

All the clearing banks offer such schemes. The Midland Bank, through Midland Bank International, has recently updated its own version of lt.

Under the MBI scheme the maximum turnover sllowable for the smaller exports scheme £250,000 (previously £100,000) and the maximum transaction export £15,000 (£10,000). The scheme bas also been widened to include transactions under taken on an open account basis without the security of a hill of

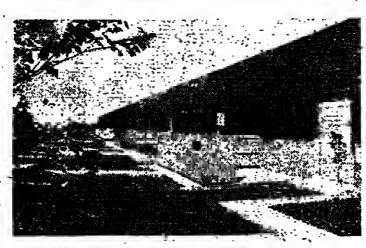
Under the scheme, the exporter simply signs a straightforward agreement and provides evidence that the goods have been exported. He can then obtain up to 90 per cent of the invoice amount for which he pays fixed interest of 1} per cent over hase rate plus a flat I per cent charge to cover the bank's own insurance with the ECGD and handling costs. The scheme is intended to cover sales with credit periods up to six months plus a reasonable shipping time.

Midland belleves its scheme is becoming increasingly attractive to exporters, in part because of the increased prenium charges now being levied by the ECGD.

Tha bank claims that a number of exporters with revular customers in countries with a low political risk no longer see the need for comprehensive ermanent cover from the CGD. Instead, they want a specific package for particular exports or exports to new buyers or countries.

It also claims to be winning customers from small firms whose expor tturnover is too small or intermittent for ECGD comprehensive cover to he suitable. Applications for bank schemes of this nature certainly tend to win approval la a moch shorter time than appli-

Government



An example (obove) of factory ond warehouse units. ranging in size from 2,950 to 7,400 sq ft on one of Warrington New Town's industrial estotes.

Below: A section of the recentla completed Bilton Industrial Estate schich forms smoll industrial "pocket" in the township of Hawkesley. seven-miles south of Birmingham city centre. This estate has 21 single storey factories, of which half have already been let to a wide range of small industrial companies and some subsidiaries of public companies. Rents range from £1.85 to £2 n sq ft and leases are for 24 years with four-yearly reviews. The joint ogenis are Edward Erdman and Co., and Grimley and Son.



finance for would-he exporters is linked to the Product and Processes Development Aid Scheme set up by the Departmeet of Industry in 1977.

#### Extension

This was designed to help manufacturers in the stage between design and commemial production of a new product or process. Since it was introduced, the scheme bas pro-vided £46m to 367 applicants. In the main, applicants can expect to ohtain 25 per cent of the costs during this period.

Now Sir Keith Joseph has announced that he is studying an extention of the scheme to help companies develop specificproducts aimed at the export

The range of Government aid schemes for exporters, there-fore, remains wide at a time when Government policy generally is to cut back oo State aid in the light of its philosophy that success in industry depends on industrialists standing on their own two feet.

One scheme which falls neatly within this philosophy is insurers does exist which can the self-belp organisation established by a series of major of export finance. The money companies in London just over brokers, of course, offer a year ago. The scheme, known valuable services, but perhaps Enterprise aid Agency, is designed to put

advice or joint ventures.

which they believe have export potential and would henefit from links with major cempanies with established export

Christine Moir an

scheme which can provide small companies in touch with larger ones which could provide

The LEA is now to expand grammes.

into specific export help. In September it is mounting an the short exhibition in the Festival Hall at which it will invite small companes to exhibit products businesses.

The agency is only a small example of the flexibility of and the financial institutions in devising packages which would help the small exporter. The real problem is not availability of export finance and aid but infermation about where such aid can be best obtained. The ECGD's facilities are almost certainly known to even small busioess men, other such organisations may not be.

It is not widely known, for instance, that export finance losurance cannot generally be ohtained from Lloyds underwriters London whose are prohibited from writing credit insurance. But an association of credit

exporters to turn for advica is its own clearing hank.

## A serious shortage of business premises

OF ALL the fronting small businesses, the task of finding suitable premises in which to operate industrial and other forms of invariably ranks very high on

It is now widely accepted that a shortage of small industrial premises exists in the UK and there is rarely any difficulty in letting those units which are available.

The reasons for the potentially damaging situation and recommendations for controls and the speeding up improving the position were set out in a recent report prepared jointly by Coopers and Lybrand. the management and economic consultants, and Drivers Jones, the chartered surveyors.

The report which was released at the time of the Budget. was used by Sir Keith Joseph, Secretary for Industry. as evidence that town planning excesses of recent years and the failure of developers and instirutions to finance small husiness nremises had combined to wipe out a large proportion of the type of premises in which small companies flourish.

The study claimed that excessively rigid planning policies, which still continue in some areas, had made it impossible to press on with new developments and to replace the large numbers of industrial units which have fallen victim to demolition

To illustrate just how serious the shortage has become, the report pointed out that onethird of all the small business schemes studied were fully let hefore development was even complete and three-quarters were over 60 per cent pre-let. Within six months of completion, around 85 per cent of space had tenants.

In ao Inner London borough, for instance, there were 34 in-quiries for every unit below 2.500 sp ft which was advertised while a new development in Stockton comprising ten small units attracted 120 applications after one single advertisement. Even in areas where there have been fairly significant small factory programmes in recent years, such as Telford and Peterhorough, the ratio of in-quirles to available units remains high.

reasons for the shortage, the report drew attention to the long-standing reluctance of various public bodies to make authors suggested that local reasons, the most important of advantages of bolding unutilized market. land assets.

In examining the planning

increasing number of real interest in the small unit

development. The controversial Land Bill is also intended to the market. ensure the resease for developent of unwanted local authority ment of unwanted local authority-owned land and Mr. Michael Heseltine, Secretary for the Environment, seems to have new town development corporaput the relaxation of planning

of the development process

among his policy priorities.
The Goopers/Drivers Jonas report showed clearly, bowever, that the long time taken to gain planning permission and the uncertainty of the type and range of conditions attached to planning consents by local authorities can invariably provide an important source of delays and higher costs to developers and tenants alike.

#### Benefits -

The report suggested that considerable benefits would accrue from a system in which proposed small factory schemes (possibly of below 2,500 sq ft) n zoned manufacturing-warehousing areas would be deemed as having planning consent unless the local authority decides otherwise within a statutory period which could be in the region of eight weeks.

The joint study also made a plea for local authorities not to automatically treat small industrial developments outside established traditional zones as unacceptable. It suggested that incompatibility with development plan zoning, which is often of a blanket nature, should not of itself rula out small factory schemes. The report claimed that such schemes should be refused even in residential or mixed commercial areas—only if there are clear environmental reasons. such as noise or some other form of disturbance, But much of the document

vas taken up with an appraisal of the traditional financing arrangements for small business premises and a call for more private sector involvement in an area where the public sector has been predominant. The small business premises market, sald the report, can provide profitable investment opportunities, as long as it is approached in the right way. It land available for suggested that the unprofitable development, particularly when and risky image which is the land in question is located attached to the small premises in inner city areas. But the sector stems from a number of authorities in particular have which could be the virtual become more aware of the dis- absence of a proper commercial :

With very few exceptions, It is acepted, bowever, that Institutions have shown little

problems con- authorities are taking a more development, largely became positive role of identifying and such schemes are so clearly assembling parcels of land for different from familiar ware bouse investments and because of limited experience and Local Government Planning and understanding of this sector of

In the absence of their involvement, the provision of small business units has- invariably failen to public bodies such as the local anthorities and tions, which have undertaked achemes on a non-commercial basis or without any clear basis or without any clear commercial relationship be tween costs and rents has not

been understood. But the report emphasised that it did not believe additions financial incentives those of industrial building allowances, regional develop ment grants and inner urban area funda) should be provided to developers and financial institutions in order to en-courage them to enter the small

factory market. It - claimed that profitable investment opportunities existed without the necessity of subsidies and that outside financial help was disliked by institutions who were likely to interpret it as implying a commercially unsound market existed. Weither, said the report, did short-term subsidies belp ensure the longer-term income growth that institutions normally require in addition to a good initial yield.

The last Budget did of course provide additional incentives in those areas which the report considered acceptable. Industrial building allowances for units of 2,500 square feet or less have been raised from 50 per cent initial allowance and 4 per cent annually lo 100 per cent intial allowance.

The arrangement will run for three years and is additional to the simplified arrangements for administration under which the allowance will be paid to developers on . construction

instead of on occupancy.

Already, the National Coal
Board pension fund has agreed. to provide up to £15m for building small factories in a oint development programme with the State-owned English Indus-trial Estates Corporation Legal and General Assurance is already working on schemes with the Corporation and now Barclays has announced that it. too. is to invest, via the Corporation, in small factory develop-

There are, at last, signs that the institutions which alone could transform the market for beginning to sit up and take an Interest,

Michael Cassell

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## Quick cash from factors

CASH FLOW problems can be one of the biggest headaches for any business—and for the small company the problem can be acute. Sheer lack of money, to cover locreased working capital needs, may prove one of the overriding factors limiting the growth of many small busi-nesses. There are obvious traditional lines of credit and assistance, yet many small businesses lack the asset base to support hefty borrowing.

There is a source of cash in company—its sales If the debtors would pay up faster, the cash could be there to re-invest in further manufacturing materials. This ls where factoring, and its closely allied thvolce discounting, can play a part.

Factoring is no panacea for an ailing business, but it is a useful tool for an expanding company. Certainly there are cheaper lines of credit, but for a small company it does pro-vide a cash injection and can lift away the worries of debt collection from the small businessman whose ability is prohably in manufacturing and selling rather than spending time on the phone chasing bis

various factoring companies offer a service which varies in detail hut in a putshell the factor will pay over op to 80 per cent of the face value of an invoice with the balance later on a preset date. So immediately a company invoices its debtor it gets a substantial cash injection. There is an interest charge on substantlal the amount paid over and a fixed fee relating to the company's turnover.

It is no hargain and while it has a place for the growing company it should not really be regarded as a firm borrowing base for the long term future of the company. There should come a time when the company generates enough eash flow to run its own show. If it fails to do so something is nrobably wrong.

The concept of factoring has been around for more than a time to catch on. Even now. many businessmen only have a vague ldea what it is about. However, it has started to get uoder steam in the last couple

factoring companies and probably accounts for over 90 per cent of the market, reported that business had increased by 28 per cent to £1.707m in 1979. This represents a gain in the last two years of some 75 per cent and is even more impres-sive measured against the figures of the early seventies. In 1973 the combined volume of business was only £200m.

There is one big difference in the type of factoring you can get-with or without recourse. One does not insulate the company from bad debts and one does. The type of factoring which does give bad debt cover, without recourse, is not surpris-ingly the more popular, but there is a case for other. International Factors, a mem-

ber of the Lloyds and Scottisb Group, is a fairly typical factoring company in the "without recourse" mould. Mr. John Lenton, its marketing and sales director, breaks down the service he offers clients into three broad catagories. The full factoring service offers sales ledger colation.

invoicing, and collection of debts. In providing protection against bad debts, International will pay the client regardless of whether it has collected the the debt, and of course between 75 per cent and 80 per cent of the involces' face value is paid over at once.

#### Agency

Then there is agency factoring which applies where the client already has a good sales ledger system at work. Here, the factur is providing had-debt underwriting and again up to four-fifths of the money up

Finally, there is invoice discounting where the client runs the sales ledger, sends out the involces and collects the money bimself. International will advance 75 to 80 per cent on the whole ledger or selected clients and the cilent pays back International when the cash comes in. There is no bad debt cover, decade, but it has taken a long so if the debtor does not pay, or is late, the client still has to make the repayment to International on the due day.

The "with recourse" factor-

of years.

Lawrie, which was set up in 1962 into a lot of detail, and as John
The latest figures from the as the financial arm of Alex Lenton put it: "We put two
Association of British Factors, Lawrie and Co. an East India people into the company for a

too, is now a subsidiary of Lloyds and Scottish baving been taken over in late 1975.

deht cover which the majority o fotber factoring companies do sounds a good idea. But, be argues, the major factoring com-panies are subsidiaries of hanks and "they are in it for a profit," which this reflects in their charges and also the limits that they place on the amount of: husiness that they will factor with any one customer. Those offering had debt cover under-standably take a different view-

According to Warwick Hughes, the ultimate responsibility should lie with the client but he says "When we do a prior investigation we advise what to do to reduce the bad debt risk and-because we are not out on a limb. if there is a bad debtwe are more flexible in the amount we will factor. If a bad debt does cause financial prob-lems to our client we will spread the repayment over a number

Alex Lawrie also seems more willin gto take on amaller com-panies. Mr. Hughes says that his company will take on a client with as small a turnover as £50,000 a year. John Lenton looks for a practical minimum in his clients of £150,000. Both say they will consider smaller companies if they see that there is potential for rapid growth.

The cost of the service varies. For example, Alex Lawrie charges an administration fee of between 1 to 21 per cent of a client's turniver, depending on the amount of work involved. The money advanced against the invoice will attract an interest rate of 21 per cent over finance house base rate. International Facture charges a similar range of service fees, but the interest on the money advanced is charged at 34 per cent over base

The advantages for the small businessman are self evident. There must be something comforting to know that cash will be flowing into the company at a steady rate.

Pactoring companies make a critical investigation of any ing fraternity is led by Alex. company they take on. They go Lawrie, which was set up in 1962 into a lot of detail, and as John

which represents all the leading tea merchanting organisation. It, day, and they almost do a mini

The biggest faults they find in small entrepreneurial com-Mr. Warwick Hnghes, marketpanies is often the lack of ing controller of Alex Lawrie, admits that the offering of had regular management accounting and careles posting in purchase

They will also examine the company's customers. Around 99 per cent of the time the large customers will already be known to the factor from his other clients, so he will soon know if they are aound players. If there is an bovious bad debt risk, a factor offering a "withrecourae " service ...is obviously going to think again.

#### Speed paying

It is during this prior investigation that the factor will assertain the average debt repayment period and that will determine the time factor for paying across to the client the balance of the invoice due less any fee. Factors usually reckon that they can speed up the repayment period by a few days as well.

One of the blg fears among most prospective clients is bow their customer will react. This is probably not as important a point as it was a decada ago. Factoring is more widely known -at least to a client's bigger customers who probably bave several suppliers using factoring services—and the factor is obviously not going to win friends if he goes out demanding payments and looses his client half his customer list. But, undouhtedly, bringing in a third party must change relationships in some ways. Possibly, lines of communica-

tion can become more stretched.
One innovation in the past
year has come with the Lifting of exchange controls. Inter national Factors has launched a currency financing service to exporters. It is only just getting off the ground, but it can provide an exporter who factors his invoices with International with access to low cost funds.

withnut exchange risk Overall, there is a case for factoring to imprave cash flow for the smaller expanding roupany. Most of the factors are flexible in their approach but it is worth ahopping around and bath " with recourse " and " without " abould be considered as viable options

Terry Garrett

YEAR 2000

## Public illusions about energy

BY RAY DAFTER, ENERGY EDITOR

THE GENERAL public, pre-energy provider; less than 10 dependence on oil but all have plan, huild and commission large - elearly out of the quessumably bemused by conflict per cent of the people inter-ing energy statistics, warnings viewed regarded oil as relavant ing energy statistics, warnings and exhortations, is formulating a remarkable view of fuel supplies in 20 years' time.

It reckons that the nuclear industry is about to meet the majority of our energy needs.

. It would like to see the higgest share of energy supplies coming from solar power. But

The changes are considered necessary because it is thought that within the next two decades oil supplies — now recognised as the most dominant energy sources — will have virtually dried up. Wrong again.
This conundrum has emerged

from an oil industry survey of the public's perception of energy supplies, carried out in the UK, Germany, France. Holland, Denmark and Switzerland. Three times in the past year or so the public has been ques-tioned. And each it has consistently come up with the in-

correct energy view.

It would he wrong to draw too many bard and fast con-clusions from what are neces-sarily cursory barometer readings of public opinion. Even so. with energy now such a political topic—and politicians so anxious to heed public opinion —the industry must be concerned. Certainly the Royal Dutch/Sbell Group is. Shell com-missioned the Paris-based research group, Institut Francais de Demoscopie, to conduct the aurvey.

In particular, Sbell is worried about the public's perception of the future for oil. The survey shows that 69 per cent of Europeans recognise—correctly—that oil is today's most important avergy source. The public also bas a reasonably accurate idea of the importance of the two other main fuelsnatural gas and coal.

However, when looking ahead to the year 2000 the public dismisses oil as being a major taken steps to lessen consumers'

to the future energy scene. In this respect the views of the British public appear to be little different from those of other Europeans— in spite of North Sea oil. It seems that the British have picked up the warning signals of their Government and energy industry—" the and energy industry—"the North Sea can provide only temporary relief" and "oil self sufficiency will last for only a few years" — and ignored the

In March Britisb Petroleum pointed out that so far 15bn barrels of recoverable oil bad been discovered in the UK sector of the North Sea of which about 770m barrels had already produced. The Energy

more positive signa.

Oil companies must accept some of the blame

Department puts ultimate recoverable reserves to be in the region of 17bn-32bn barrels. - On this basis Britain has used

only between 2.4 and 4.5 per cent of its recoverable reserves. It thus seems a little early to be writing off the North Sea. After all, UK oil production bas still to rise to the self-sufficiency level of 1.8m harrels a day—a level which, according to Shell UK and the UK Offishore Operators' Association, could be maintained to the turn of the century given certain Government policies. Even if Britain is forced to rely on net imports again, it is projected by the Energy Department that oil will still be the biggest single energy provider in 20 years'

The same is true for member countries of the European Economic Community and the International Energy Agency. Ministers from each body have recognised the limited possibilities for an early switch to other take the strain off oil supplies.

The ministers in hoth bodies (and, of course, there is some overlapping here) bave committed themselves to reducing oil consumption to a level equal to, or lower than 40 per cent of gross primary energy consumption by the end of the decade. At present, in IEA countries, the ahare is around 52 per cent. But even then, in the year

2000, the non-communist world could be consuming as much oil each day (around 50m barrels) as it is at present. It will still be the most important single energy source. Furthermore, given that the world has used at the most only a quarter of its recoverable oil resources, there should be pleaty more available to meet those demands for which oil is most suitedtransport and chemical feedstock—well into the next cen-tury and perhaps heyond.

So why ia this not recognised by the man in the street? Shell officials believe that the oil companies must accept some of the blame. They feel that by emphasising the supply problems, by encouraging conservation measures and by playing up their diversification into other energy forms, they have given a false impression about the future importance of

There are a number of reasons why companies should want to pot the record straight. their own image, their financial standing, could be impaired if investors felt that they bad based their husiness on a resource that was about to vanish.

Companies are also worried that public attitudes and parquest for unrealistic future blind spot in the public's view would require a nuclear pro-

major energy projects that will tion.

even 13 years to ohtain approval such as Japan—it takes only half that time. The U.S., which single handedly could significantly alter the world's energy demand balance, has some of the longest lead times for coal

and nuclear projects.

And yet about 72 per cent of thousands interviewed in two decades nuclear power will become the chief source of energy. Obviously the message —a wbolly justifiable one—that the world cannot afford to do without nuclear energy, has made a mark. Unfortunately. contribution will be much greater than it could be.

At present, nuclear power meets only 3 per cent of the non-communist world's energy needs. It is used only for electricity generation. Given the plans now in hand, that share must grow. The EEC, for example, expects to be generating around one-third of its electricity sapply by 1990. In France more than two-thirds of electricity generation in 10 years'

Given such a growth rate, energy supply, nuclear energy could be meeting 10 per cent of non-communist. It expects the concommunist world energy tribution to grow for the concommunist world energy tribution to grow for the concommunist world energy tribution to grow for the concommunist world. requirements within 20 years. ceptions could influence poli- over 500 nuclear power stations cal aspirations and result in the at a cost of more than \$600bn (in 1980 dollars). To replace energy balances. For another oil as the major energy supplier

opment of a coal mine can he a decade. It can take 11, 12 or fil this need, then it is trained to the country of the country o And yet if the public is living for and to huild a large nuclear tive energy sources — in the power station in same parts of main solar and water power — the world; while in others— could meet the hulk of demand.

environ-

Ecologists and mentalists - among them the Friends of the Barth—must be having an appreciable impact on public perception of energy. hecause around 55 per cent of said they wanted to see solar power exploited to the extent the Shell-commissioned survey that it would supply the biggest believe that within the space of proportion of their energy two decades nuclear power will become the chief source of seem, they would like to see solar power and hydro-electricity meeting over half of the needs.

This expectation must be made a mark. Unfortunately, viewed in the harsh light of the man in the street has been reality. The energy industry led to expect that the nuclear for whatever reason, good or had, has started too late in the day to make these alternative energy sources significant contributors within the timescale of two decades. Exxon believes

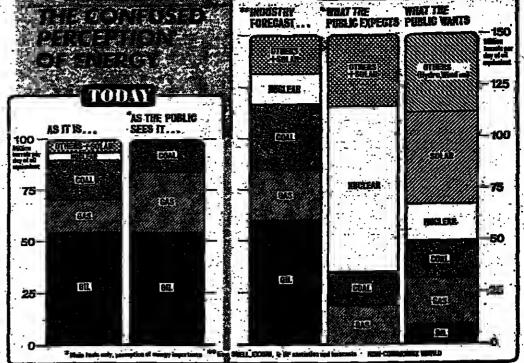
> Can you believe what the oil companies tell you?

that by the turn of the century time could be based on nuclear thay could account for 9 per cent of non-communist world

tribution to grow from 7 per cent at present to mearer 13 But, as Shell points out, that per cept. And that expansion blame for would entail the construction of programme, according to Shell, problems.

over 500 nuclear power stations could cost \$500bn to \$700bn. The same So much for sun and water power being "free." The era of cheap energy is over.

But all these projections, is the length of time needed to gramme three or four times as most of them emanating from



oil companies, raise another question; one that the oil groups themselves find somewhat embarrassing. Can you believe what the companies tell you? The answer, from the general public's point of view, is "no."

It is not that companies are are regarded as secretive and elective in the facts they make available.

Nowhere is the oil industry's credibility lower than in the U.S. There, according to a recent survey, almost three-quarters of the population believes that oil companies are mainly to blame for the current energy

be true in Western Europe. Although survey methodologies

Exporting Countries.

seen to be telling lies—well, not supply problems (the percent-often anyway—it is that they age has been rising with each

The statistics for the UK are

The same does not appear to differ, Shell's barometer readings indicate that 20 per cent of Europeans blame companies And yet even in Europe the

oil companies have cause to be concerned about their image. It appears to be deteriorating. Not only are more people bolding them responsible for energy survey), but there seems to be quite strong support for more government controls

particularly revealing. Of those questioned who had a positive view (that is they were not neutral or did not refuse to answer) the vast majority felt that government controls over large non-oil companies should be reduced. This may be a reflection of the public mood that belped to send Mrs. Margaret Thatcher to 10, Downing Street. In contrast 51 per cent of all those asked in the

the research departments of big for the energy mess while 33 UK wanted more government oil companies, raise another per cent point the finger at the controls of the oil companies—question; one that the oil Organisation of Petroleum as against 10 per cent who as against 10 per cent who wanted less and 39 per cent who felt that the present controls were adequate.

> The inference to be drawn from these statistics—accepting that generalities can be danis that North Sea oil la regarded as too important to the economic, political and social fabric of the country to be left solely in the hands of the oil companies.

It is a message that has been taken on board with some concern by Shell, particularly at this time, only days after the Labour Party has adopted its "Peace, Jobs and Freedom" policy statement which includes nationalisation of North Sea oil.

Companies are uncomfortably aware that in the bands of a skilful politician, public attitudes, damaged reputations and misjudged estimates can be mixed into a potent brew.

#### **Letters to the Editor**

#### Made in **Britain**

From the President, Federation of British Cutlery

Monufacturers Sir,-Your excellent cutlery article (May 24) sets ont slons. Three in fact.

conducted polls, her Ministry just isn't so. Of course, if Far say Andorra. This would achieve has bund that a sizeable Eastern cutlery had been kept all objectives. thirg, but being boodwinked Of course we have low proto make any self-sacrifice.

ductivity compared to countries R. G. T. Hulbert

like South Korea who alone 52 feet. when you buy a shirt is one exists.

fied" is another. e expert in all things they sell. (ne prosecution has begun unions. gainst a store contravening the rades Description Act for sellng branded Korean cutlery without country of origin mark- trade turers who pretend their products are British.

dustry deplore this substitution the Federation of British exists despite the fact that these opportunity to play a leading of Far Eastern labour for

and heing passed off as "Shef- have about half the UK stainless steel market. There they The consumer at last will work twice as long, twice as know what he/sbe is buying, hard and twice the pace for a The retail trade will also benefit quarter of our wages. But their a they cannot be expected to machines are unguarded and their workers have no trade

#### alternative to manufacturing. can they do anything? The vast majority of the in-

From the Managing Director, Combridge Econometrics.

article on May 29 concerning Dow's plans for an ethylene

ventional wisdom in the chemicals industry that "building block 'petrochemicals will increasingly be made by oil-rich countries in the Middle East and eisewhere, while developed countries concentrate on higher technology products with sophis-ticated properties. Failing to take proper account of the impact of sterling as e petrocurrency, many of us placed the UK in the second category. Closer analysis suggests that in the 1980s it will fall more readily into the first, not only because of the physical supply

industry the export prices of the chemicals that can do charged by UK chemicals producers must match world mar the most readily traded. ket levels in dollar or deutschmark terms. Thus a rising pound tends to squeeze chemicals pro-fits, rather than sales. If the costs of a chemical are also set in international market, then the squeeze may not be too This is the case for petrochemicals, some geoeral inorganics, and soaps and detergents. It is much less the case for pharmaceuticala, toiletries, Harvey Gibson. dyestuffs, paints, and speciali- PO Box 114, where internationalily 21, St. Andrew's Street, traded oil or minerals are a Cambridge.

Finally, it is unfair to be accused of low productivity, for fair play for an industry.

Surprisingly, considering the John Price. onslaught of Korean and other Arthur Price of England, low-wage cutiery, the industry Anthony Road, remains efficient. In the same Saltley, Birmingham. mould as German and Japanese accurately and fairly, the state cutlery industries. Sheffield is of the industry, and the prob-made up of tightly run specialist lems facing it. However, your manufacturers who concentrate readers could be forgiven for on single aspects of what is a jumping to some wrong conclu- large overall product range. First, the legislation on onest marking recently recently seems from the Control of the industry describe from Mr. R. G. T. Hulbert Sir.—Surely the most of the industry describe from Mr. R. G. T. Hulbert seems from the Control of the industry describe from Mr. R. G. T. Hulbert seems from the Control of the industry describe from Mr. R. G. T. Hulbert seems from the Control of the industry describe from Mr. R. G. T. Hulbert seems from the Control of the industry describe from Mr. R. G. T. Hulbert seems from the Control of the industry describe from Mr. R. G. T. Hulbert seems from the Control of the industry describe from Mr. R. G. T. Hulbert seems from the Control of the industry describe from Mr. R. G. T. Hulbert seems from the Control of the industry describe from Mr. R. G. T. Hulbert seems from the Control of the industry describe from Mr. R. G. T. Hulbert seems from the Control of the industry describe from Mr. R. G. T. Hulbert seems from the Control of the industry describe from Mr. R. G. T. Hulbert seems from the Control of the industry describe from Mr. R. G. T. Hulbert seems from the Control of the industry describe from Mr. R. G. T. Hulbert seems from the Control of the industry describe from Mr. R. G. T. Hulbert seems from the Control of the industry described from Mr. R. G. T. Hulbert seems from the Control of the industry described from the Control of the industry desc announced by Mrs. Sally Oppen- the standpoint of 30 years' exheim, is strictly a consumer pro- perience of viewing every tection measure. In carefully cutlery industry in the world, it conducted polls, her Ministry just isn't so. Of course, if Far of consumers really out of Britain, as the French want to know where their and Italians have done, so incutley is made. And can you creased mechanisation and some mishad for two or three years sible where volume opportunity

If the UK cutlery industry is at fault, it is because np to three years ago, it had one association whose ing. Retailers need protection members were a mixture of imagainst importers and manufac- porters and manufacturers. You cannot serve two masters, and perbaps this is where many Second, cutlery makers are trade bodies and associations cern to all those who, for not as divided in the matter of go wrong. Like the impotent business or for pleasure, have importing as the beadline sug- octogenarian who claims to be gested. Only a few "cutlers" celebate, they claim to be bave taken the soft option serious and responsible. But

Fortunately for the industry,

#### Oil-based technoilogy

much smaller element in cost. Until the pound falls substan-Sir, - Sue Cameron'a major

tially in real terms it will not be profitable to export deriva-Dow's plans for an ethylene tive chemicals from the UK. cracker at Nigg Bay can usefully be cross-linked to your reporting of record exchange rates throughout last week.

The description of the UK. multinational companies will prefer to make elsewhere, and it will be very profitable to import chemicals. Although after the recession the UK demand for chemicals should grow sub-Since 1973 it bas been constantially, importers bave distribution networks which improve cumulatively, and buyers will continue to seek second

sources. Only rarely are bome producers likely to find their sales to the home market much higher in 1990 than they are Chemicals output is likely to rise, however, because of an increase in exports. Chemicals bave always made a substantial positive contribution to the balance of payments, £1.3bn last year despite the high exchange factors Sue Cameron lists but rate. because of prices, profitability growth rate. When oil production growth slows, few other indus-tries will be ready to fill the More than for any other other gap in the balance of trade, and

> Your column does not allow some of them speculative, in this long chain of argument, but it can be made to add up. There is at least a possibility that the UK chemicals industry of 1990 may be more like our visions of Saudi Arabia's, and rather less like Switzerland's.

Cutlery Manufacturers is now seven States (Belgium, the in heing. Some say a little late, but it is never too late to strive

#### **Olympics** bovcott

Sir,-Surely the most effective protest would have been for all "boycotting" nations to compete under the same preferably a small nation like

get the most medals. 2. The political point would blame them? Cutlery is a life- automation could have come, as he made and maybe lead to the timeconsidered purchase. Being it has here. This is only pos- removal of politics from future

3. The athletes would not have

#### Air traffic control

From the President and General Secretary, The European Public Service

Union, Eurocontrol Branch Sir,-The comparison of European fares with those in the United States, and the explanaof May 27, can only be of conoccasion to travel by air in Europe. We feel it useful therefore to enlarge on two particular aspects of this article.

enroute navigation facilities are Federally funded and not charged to airlines, whereas in Europe they are a beavy impost, passed on to the passengers."
First of all this statement

meeus qualification for, although in the U.S. route charges are not levied for each flight as in Europe, the U.S. Federal Government imposes a system of taxes on airline tickets, cargo way-bills and fuel to nay for an way-bills and fuel to pay for en-route air navigation facilities. Now the cost of the provision of air traffic services within Europe can, in some cases, account for as much as 5 per cent of the price of an airline ticket and therefore a comparison of these costs with those in the United States la relevant. A recent study has shown that, for 1976, the latest year for which figures are available for both the U.S. and Europe, the cost per flight of air traffic services was \$112.5 in Europe whereas in the U.S. the equiva-lent cost was only \$43.6. Because of greater average distance flown per flight in the U.S., the ratio of cost per flight per unit distance would be even more significant. One of the major factors accounting for this difference must be that, while in the U.S. air traffic services are provided by a single Federal Agency, in Europe they are generally provided by a multitude of national administrations.

To illustrate this point it is

route air traffic. control centres

Federal Republic of Germany, France, Ireland, Luxembourg, the Netherlands and the United Kingdom) are partners in Eurocontrol, the European Organisation for the Safety of Air Navigation. This Organisation came into being in 1963 upon the ratification by all national Parliaments of an international Convention under which the contracting parties agreed to strengthen their cooperation in the field of air navigation."

The Eurocontrol Agency has planned and implemented two of the most advanced air traffic control centres in the world, at Maastricht in the Netherlands in the FRG these being responsible for control of the upper airspace of Belgium, Luxembourg and the FRG. But elsewhere indepenand unco-ordinated development of national centres in order to return to the lost has continued in contravention paradise of March 1979. of the Eurocontrol Convention.

The same cost comparison have experienced 12 years of study referred to above bas by the Eurocontrol centres period produced the highest amounted to \$32.1 per 100 km rate of inflation, the highest of flight, whereas the equivalent figure for national facilities was \$44.0 and for the United Kingdom \$47.8.

Michael Donne makes reference to the memorandum of the EEC concerned with the formulation of a common air transtions for the discrepancies given port policy in the Community by Michael Donne in your issue countries. Such a policy will bring air transport to regions not yet adequately served and open np air travel to markets not yet fully exploited. We must therefore ask ourselves lowest number of unemployed whether the air traffic control and one of the highest standard management services in dards of living in the western spects of this article.

It is stated that "in the U.S. Europe will be able to cope with the resultant increase in traffic density on our already congested airways while still maintaining or even improving the study German workers' producpresent high safety standards.

> States are drafting amendments to the existing Convention (admitted by all as not entirely adequate) which will be put before national Parliaments for ratification. Unfortunately the tendency in these discussions is to reduce the influence of the Eurocontrol Agency thus facilitating the Independent development of national control systems and placing beyond the horizon the possibility of a bomogeneous, economic and efficient European air traffic control

The Director General of IATA was the establishment of a has stated at a public hearing of the Transport Commission of the European Parliament that One common ATC organisation for Western Europe can be considered as the ideal solution. it would be both more efficient and less costly than the present separate national bodies. Eurocontrol would appear to have the professional capability to provide centralised services but to be effective it would need sufficient to note that in the firm political agreement to give continental U.S. these services it the authority that it lacks at are provided by 20 identical en-

Firm political guidance and a whereas in Europe there are will to co-operate must now already 16 dissimiler centres replace national pride and ring out again: "There still providing services for seven jealousies. The United Kingdom, remain forces in our island that sovereign States covering an at a moment when her image area equivalent to one quarter in the European Community is D. G. Franklin. of that of the U.S. This situation extremely low, should grasp this 121 Kernington Road, SE11.

role in European co-operation in an area where no one denies its need. . Iréne Gubin, General Secretary, R. C. G. Jenyns, President, 9, Rond Point Schuman 1040 Bruxelles.

#### Power and responsibility

From Mr. D. G. Fronklin

Sir.-Samuel Brittan is right to head his article "A time to talk to the TUC" (May 20), but It takes two to make a con-versation. Although there are union leaders "to row together," other member of the general council still insist that the Government must make a U-turn in its economic policies

government by TUC licence," shown that, in 1978, the provi- as Mr. Brittan puts it so aptly. sion of air traffic control services The economic policies of this rate of inflation, the highest number of unemployed and one of the lowest standards; of living for trade union members in the western world. If this is protecting and looking after the interests of their mem-bers" as the national officer of ASTMS put it in your columns receotly, it is high time that some members of the general council did a U-turn and followed the example of West German trade unionists who have schieved one of the lowest rates of inflation, the

world. It is encouraging to see that the GMWU is sending its officers to West Germany to tivity, attitudes and involvement in work. They will find that this is achieved because their industrial relations structure is based on fundamental logical laws set up after the

last war by our own TUC
General Secretary.
Agreements entered into
freely by both parties are
enforceable in civil law and the recent Luton Airport go-clow contrasts with a decision in a West German court which awarded damages against the Union of Flight Controllers in 1978 amounting to £53,000 for losses sustained as a con-sequence of their "go-slow." In March 1980 1G Druck, the German print union was fined £14,500 for its part in the dis-European air traffic ruption of the printing of The and management Times in West Germany. Another structural change

> one trade-one union" tem. The current inter-union hattles at the Isle of Grain make this point all the more topical.
>
> The closed shop is illegal and against the constitution. This would violate one of the fundamental human rights of associa-tion or disassociation. This framework has produced an industrial relations founda-

tion for a sound and successful manufacturing industry. This in turn provides high living stan dards for employers and employees. If we could all explore the common ground of prosperity, we could again make Sir Winston Churchill's words can bring back all our glories."

UK: Prince Charles visits the Home Office. Warwick University confer-

ence on West Midlands economy in the 1980s. Federation of Personnel Services seminar on temporary work in Europe, London. Giles Cooper Awards lunch for best radio plays of 1979,

Service of thanksgiving for Sir-John Methven, CBI director general, Westminster Abbey,

Overseas: OECD Ministerial conference, Paris.
PARLIAMENTARY BUSINESS House of Commons: Finance 16, 10.46 am. Public Accounts, Bill, committee stage. Orders on Room 16, 4 pm.

#### Today's Events

Iranian trade sanctions. House of Lords: Debate on the urgent need for industry to improve productivity. Street Offences (Amendment) Bill, second reading Licensed Pre-mises (Exclusion of Certain Persons) Bill committee stage. Debate on difficulties fecing young people training for a

career in the arts. Select Committees: Education, Science and Arts. Room 6, 10.30 am. Foreign Affairs, Room 15, 10.30 am. Energy. Room 8, 10.45 tosh, Rowntrees Theatre, Haxby am. Industry and Trade, Room Road, York, 3. United Carriers, 16, 10.45 am. Public Accounts, Overstone Solarium, Ecton Lane;

COMPANY MEETINGS Berwick Timpo, 79 Wells Street, W. 12 Ellis and Goldstein, Barrington House, Wood-Street, W., 12. Gazdian Royal Exchange, 20 Aldermanbury, EC, 12. Gill and Duffus, 14 St. Mary Axe, EC, 12. T. C. Harrison, 53 London Road, Sheffield, 2. Lowland Drapery. 60 Wilson Street, Glasgow, 12.15. Modern Engineers of Bristol, Dixon Road, Brislington; Bristol, 12. Pearl Assurance, High Holborn, WC, 12. Revertex Chemicals, West Board Terrole Fields. Hest West Road, Temple Fields, Harlow, Essex, 12. Rowntree Mackin-

Sywell, Northants., 12.



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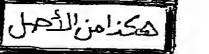
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for training.



After a brief look at the aetback to sterling yesterday Lex discusses the four main rompany news stories of the day. Reed International faced weaker trading conditions but it had closed

International faced weaker trading conditions but it had closed its 1979-80 year with a strengthened balance sheet. Harrison and Crossfield has shown reasonable growth and sees a satisfactory outcome for 1980. De La Rue has reported a sharp increase in pre-tax profits and is making encouraging noises for the current year. Finally Lex examines the report and accounts from Vickers where the company is hoping for nationalisation money in the not too distant future. On the incide pages there is a London listing for Dome and a 163 operation for Kennedy Brooks. Companies which come in for romment include Thomas Ward, profits up from £6.2m to £7.3m, and MEPC reports balf time figures.

## Good final quarter lifts Reed to almost £100m

FINAL quarter pre-tax profits of a final dividend of 9p per Reed International showed an improvement from £15.1m tn Sp to 13p. £19.9m to give a total of £99.9m for the year ended March 31, 1980, compared with £83.4m in the previous year.
Sales amounted to £1.52bu

sales amounted to 1.520n against £1.61bn despite an improvement from £382m to £402.6m in the faurth quarter. The year-end sales downturn reflects a much reduced contribution from overseas of £395.5m

Tha directors say demand for the group's products and services was strong for most of the year but pressure an margica was severe. Results in Europe and North America were particularly enronraging and more than com-pensated for the loss of trading profit following divectments overseas in the last two years. Taking account of the progrees made with the group's restructuring and the improvements in earnings per chare-up from 38p tn 66.7p before extraordinary items—the board is recommendSp to 13p.

The group is now based on three main product areas—paper

Fullnwing the sale in November 1979 of the pulp and paper operation at Dryden, Ontarin, for £36m, the principal business of Reed Papar in Canada is now the newsprint mill in Quebec. All manufacturing subsidiaries in Australla and South Africa have been sold and the unly continucountries ie in publishing.

Net debt fell from £226m to \$115m reducing the debt/equity ratio from 80 per cent to 34 per cent. Cash from the divestment programme hae been used both reduce long-term debt and to maintain a strong cash building for maximum flexibility.

Tha related fall in interest chargee from £29m to £11m con-tributed significantly to the

year wera £2m (£10m). Capital expenditure increased from £48m to £55m. Publishing. and packaging; publishing and printing and building and home packaging, building products and paint all performed well UK paper-making margina were seriously restricted by the con-tinued escalation of energy costs

and sterling.

Wallcoverings continued to suffer from excess world capacity and the UK business is undergoing a major reatructuring programme,

The results of oversass eubsidiarles have, for the first time, been consolidated to a common year-end date with that of the parent company and UI au bsidiarlea.

The results for the year to March 31, 1980, are for 52 weeks for the UK and overseas, while comparative figures to March 31, 1979, include overseas results for the year ended December 31, 1978.

Lex. Back Page

## **Dome Petroleum London listing**

Trading in the 50.3m ahares of one of Canada's most active oil and gas exploration company, today on the London Stock

Dome is a major producer of oil and natural gas. It also operates natural gas ilquids (ngl) extraction plants and a pipeline for transporting ngl and ethylene from Alberta to Ontario and the U.S. midwest. Its exploration activities are concentraled in the westero Canadian provinces and the

The rompany has a 47 per cenl ioterest in TransCanada PipeLines, which operates Canada's principal natural gas transmission system, and a 30 per cent interest in Sovereign Oil and Gas, formerly Siebens oil aod Gas (UK).

The cootrolliog 26 per ceot inlerest in Dome Is held by Dome Mines and Dome in turn holds a controlling 40 per cent interest in Dome Mines.

Dome earned pre-tax profit of CS235.5m in 1979 on revenues of because of federal concessions well to excess of 100 per cent on its exploration spending in the Beaufort Sea. Cash flow in 1979 was \$323.4m. Borrowings at end of 1979 were oearly

The company hopes to prove hut the company waois to take

**Authorised** 

100,000,000

. 1980 from:--

4th June, 1980

the commercial value of its Kopanoar field in the Beaufort Sea this autumn and would then bave to spend an estimated 86bn to bring it ioto productioo So far in 1980 the shares have

Kennedy **Brookes** placing

A placing of 122,333 oew 10p ehares of specialty restaurant chain, Konnedy Brookes, bas beeo made at 60p a share and Irading began yesterday under Stock Exchange rule 163 (2).

Kennedy Brookes owns 12 restaurants, including wine bars, pizza houses, American ham-burger restauraots and Tango's in Covent Garden, specialising in South American food. The company made a pre-tax profit of £68,792 in the year ended October 31, 1979, on turo-

over of £741,733 from operating six restaurants. The 1978 frures are £53,356 and £553,314 respec-Mr. Michael Golder, managing director, and Mr. Roy Ackermao, another director, hold 82 per cent of the 959,833 shares issued. Mr. Golder said the current poor tradiog climate is likely to cootinue for at least a year

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ding 1,054,562 sha

to April 30, 1980.

Mr. Golder aaid it is uncertain how much of the company's spending will be capitalised. In dealings the shares rose to 74p.

Yearlings rise by  $\frac{1}{8}\%$ 

(£0.25m]; Trafford BC (£0.5m); Metropolitan Sedgemoor Dudley (£0.5m); Salishury DC (£0.5m); Newcastle upon Tyne Metro-politao DC (£1m); City of Bradford Metropolitan DC (£0.75m); City of Manchester Metropolitan DC (£1,25m); Angus DC (£0.5m); Darlington BC (£0.5m); Grampian RC (£1m); London Borough of Baroet (£1m);

additional restaurants expected in the current year although a profit forecast has not been provided - there are figures for the six months

The interest rate on this

week's issue of local anthority yearling boods is 151 per cent, op 1 from last week. Issued at par, they are redeemable on June 10, 1981. The issuee are: Ashford BC (£0.5m); London Borough of Enfield (£1m); Restormel BC

Cleethorpes BC (£0.5m); Hartle pool BC (£0.5m); South South cost of delay in compensation

Vickers counts the

and MEPC reports balf time figures.

lised aerospace and shipbuilding assets will be settled before too long. Sir Peter Matthaws, the chalrman, said in London yester-

HIGHLIGHTS

Introducing the annual report, Sir Peter said that be expected an offer would be made to cover the aerospace assets in the very near future. Negotietions over the ahipbuilding business have been referred to arbitration. Although no date has been set for a bearing, Vickere officials are bopeful of a decision on their case by the mid-autumn.

In his annual statement. Sir effects of the long walt for compensation. These arise from the prolonged period of uncertainty. the contioning devaluation of any final settlement, and the need to borrow money at higher interest rates than those which will be attached to a settlement

"Job opportunities bave both diminished and put at risk. It has absorbed an immense amount of time and energy among our senior executives and professlonal advisers."

Discussing the planned sale of the international machines division to CIT-Alcatel, Sir Peter said be was confident the deal would be completed before very long. The transaction had been set the sale of the sale set up as a sale of assets rather than of an Individual rompany, Sir Peter, who is non-executive chalrman, said that he was taking more of an executive interest in the group's affairs following the recent resignation, "for personal reasons," of Dr. Bernard Willetts, chief executive and maoaging director. Mr. Jim menum, deputy chalrmao, was acting as chief executive, and no new

reserved for issue

50,309,828

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Vickers "bnpes and expects" that compensation for its nationalised aerospace and shipbuilding assets will be settled before too assets will be settled before too first quarter. The outlook appeared satisfactory for a little hile into the future, and reaso able settlements for wages had been reached in a great many

of the engineering subsidiaries. However, Sir Peter emphasises in his statement that "the pre-aant economic climate of high inflation. exorbitant interest rates and a relatively strong currency, brings particular pressure on the engineering and manufacturing sectors.

Vickers Fluid Power, which

range of bydranlic romponents and systems for industrial applications, has been reorganised rompletely with the the second half of this year. Sir Peter made it clear yesterday this division, that the division is being given . Tha group a year to prove that it can be

The future of Roneo Vickers Partitions will be decided in a couple of months' time. This husioess, which has annual sales of just £3m, made substantial losses in 1979, Mr. Hendin said yesterday that a tourolquet had oow been applied to stop the However. emphasised that the main Roneo husinesses, with sales of around £70m a year, had been perform-

ing well and would he retained. The accounts show that the Howson-Algraphy Group has maintained its salaa by increasing market share in the face of reduced overall demand, and held its profits despite some £20m will he spent over the next three years on a new factory at Leeds.

Outstanding orders at the year-

end were up from £201m to £238m, largely thanks to a shipbullding contract in Australia. The accounts show that share-holders' funds rose fractionally over the year to £161m, with the impact of a £7.8m property surplus helog largely offset hy mediate future for scrap is nadifferences oo exchange and certain. The industry is having interim earnings goes a long to adjust to a reduced requireacouisitions. Loan capital was a little higher at £59/m, and net ment by British Steel Corporation to the recipient of heavy capital that the group's huilding to the recipient of heavy capital that the group's huilding to the recipient of heavy capital that the group's huilding to the recipient of heavy capital that the group's huilding to the recipient of heavy capital that the group's huilding to the recipient of heavy capital that the group's huilding to the recipient of heavy capital that the group's huilding to the recipient of heavy capital that the group's huilding to the recipient of heavy capital that the group's huilding to the recipient of heavy capital that the group's huilding the recipient of heavy short-term borrowings rose rom tion and therefore a much higher materials interests are being £27.8m to £35.9m. There are rate of export of scrap:

pulled down by engineering and figures accounting.

Manufacturing and marketing of plastics, chemicals, electronics and equipment.

Extracts from the Review by the Chairman, Dr. J. W. Barrett, on the

year anded 31st December, 1979.

The results for 1979 are disappointing. Turnover was up by nearly £5m compared with 1978 end operating profit increased by £385,000. However, reduction in the Interest Relief Grant and higher rates of interest brought our profit before tax (£681,000) down to substantially that of last year. The total dividend for 1979 is 4.65p

per share (1978: 4.14p per chare). All the operating activities, with tha axception of Cola Plastics and the Christchurch division of Cole Enuipment, improved their profitability. But for the loss in these two areas, the overall position would have ahown considerable advanca. Positive action has been taken to remedy

With regard to tha future, there is much potential in the diversified trading and manufacturing activities of the Group. I put high priority on the identification of our individual strengths which can be used to Group advantage in those areas where expansion and . increased profitability are best

R. H. COLE LIMITED

Copies of the full Statement and the Report and Accounts are available on application to:-The Secretary, Whitecliff House. 852 Brighton Road, Purley, Surrey CR2 2UY.

Capital Loan Stock Valuat June 3rd, 1980 The Net Asset Value per £1 af Capital Loan Stock is 200.15p rittes valued et middie market

THE NEW THROGMORTON

## Harrisons and Crosfield profits advance by £6m

ANNOUNCING a £6m increase in 1979 taxable surplus to 558.38m, on turnover of £639m, against £546m, the directors of Harrisons and Crosfield say 1980 is expected to be another satisfactory year. First-half profits had risen from £22.64m to 522.65m.

Full-year operating profits advanced from £47.9m to £55.3m, advanced from EM. Sm 10 253.5m, a divisional breakdown of which shows (in £000s):—plantations £39,532 and £27,717; chemicals and industrial £8,607 (£8,598); timber and building supplies £11,092 (£6,581) and general trading £6,069 (£5,007). trading £6,069 (£5,007).

The directors report that on the plantations side, higher rubber and palm oil prices were partly offset by lower cocca prices, but further sizeable increases in yields per acra and also in cash returns appear capable of achievement.

All this provides attractive scope for improved future earnings, albeit at a pace consistent with good agricultural bushandry, they add.

In the chemicals and indus-trial division, the expansion in America together with that well under way at British Chrome and Chemicals, provides excit-ing prospects for growth, the directors state. Durham Chemical Group's planned pro-duction for anhydrons aluminium chloride at Birtley widens its product range and Canadian profits continue at record levels.

All the group's timber and building supplies operations improved on the previous year. Increased merchanting of sheet materials and building supplies provides an important and

spread of activity in

important contributions were also made by commodities, insurance and most general trading activities On prospects, the chemicals

the weakness of UK demand and the continuing problem of low returns from exports are a returns from exports are a concern for the remainder of the remainder of the year. The plantations, timber and building supplies division and the major general trading operations have made a good start in 1980. Profits from these activities in the first quarter

£0.9m (£1.03m), and interest major charges rose sharply from

Atkins Brothers 2.9

De La Rue 13.2

Harrisons & Crossleid 20.5

Kinta Kellas Tin 2nd int 75;

MEPC 1.75

Parkland Textile 2.1 Petaling Tin Bhd. ...int. 605 | September | Sept

\*Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ No further payments to be made for 1979-80. § Malaysian cents throughout.

\* NDIVIDENDS ANNOUNCED

Malaysian companies surpassed £1.95m to £5.49m. by a wide margin the 1978 Tax took £26.53m by a wide margin the 1978 results. Good profits were also earned by the Australian and New Zealand businesses, while

division opened the year at an acceptable profit level, although show a useful increase.

Associates contributions were up from £5.4m to £7.67m in 1979. Investment income slipped to

Tax took £26.53m (£23.89m) and earnings per £1 share improved by 5.4p to 58.2p. The while net dividend total is stepped up were to 28p (24.03p) per share, with 1979

Turnover
Operating profit ......
Associates abura .....
Invasiment income .... Net prom
To minorities
Preference dividends
Exchange dabits
Extraordinary, credits
Actibutable to ord
Ordinary, dividends

At the year-end, group net current assets had risen from £64.09m to £77.21m. Share-holders funds were ahead at (£123.39m) and loans totalled £36.55m (£13.84m).

## Thos. Ward sales and profit

Thus, W. Ward group rose from of this year and the prospects of the scope of management fi32.23m to £154.77m and pre- for the associated company are action taken over the past three tax profits were higher at £7.26m good.

The scope of management fine the second taken over the past three tax profits were higher at £7.26m good.

The scope of management fine taken over the past three tax profits were higher at £7.26m good.

The scope of management fine taken over the past three tax profits were higher at £7.26m good.

The scope of management fine taken over the past three tax profits were higher at £7.26m good.

The scope of management fine taken over the past three tax profits were higher at £7.26m good. compared with £6.17m in the

same period last year.
The directors say the group's The directors say the group's ing sector but motors may well iron and steel activities were find the going somewhat tougher severely affected by the steel tion activities. The engiocering results were disappointing while above expectations.

Tax takes £1.69m against £1.06m and is higher hecause of lower stock increases and capital expenditure. Stated earnings per 25p share are 9.9p compared with 9.8p and the interim dividend is lifted from 2.09375p to 2.40695p-the previous total was 6.20625p from pre-tax profits of A

The directors say the im-

For the first half year ended interests should show a seasonal dominance of cement profits, March 31, 1980, turnover of the improvement in the second balf coupled with some appreciation thes. W. Ward group rose from of this year and the prospects of the scope of management

contribution from the engineerseverely affected by the steel in the next six months. Industrial services should be able to brought a recovery in construc-The group balance sheet has

results were disappointing while motor distribution results were above expectations.

been further strengthened in the period by conversion by holders of £4.96m convertible unsecured

oan stock.	
odn stocke	First half
	1979-80 1978
	£000 £00
umover	154,772 132.
	1.591 1.3
Lesoc. profits	. 2,500 - 1,8
nterest	999 1,1
re-tax profit	7,258 6,1
ax	1.690 1.0
straord, credits	460
ttributable	6.028 5.1
المنابات المساحد المساحد	

comment

90p. into an interesting category. The consensus is that pretax profits will hit about £17m this year for a fully taxed and diluted p/e of 5.9 and, assuming that the rate of half-time increase is applied to the total dividend, a yield of 11.4 per cent. Growth, certainly, looks reasonably assured if only because the normal second half bias and the March cement price rise should be enough to bolster construction and motor distribution profits. Scrap, obviously, remains a serious problem, but Ward is hoping that the trough may have been plambed in the first half and the angineering division can espect some improvement in a strike free period. That leaver the perenspending in the walk of price constraints but, for the The pre the group accepts the tatus quo.

# The wholly-owned construction' scrap operations.

Group Revenue Account for the six months ended

	31 March 1980 (unaudited)		
Year to 30.9.1979 £000 51,227 3,335	Gross rental income Other income	6 Months (o 31.3.1980 2000 27.607 3,639	6 Kontb 20 31 197 900 2447 1823
54,562 20,431	Property outgoings and other charges	31,246 11,423	26293 9324
34,131 23,992	Cost of finance	19,823 11,648	16,69 12,65
10,139 3,923	Transfer of an amount equivalent to interest and other outgoings applicable to development properties	8,175 2,220	4,34 1,95
14,062 5,546	Earnings before Taxation Taxation (note 1)	10,395 4,134	6,29 2,34
8,516 222	Earnings after Taxation Minority Shareholders' interests	6,261 55	3,92
8,294 68	Dividend on preference shares	6,206	3,80
8.226	Earnings attributable to Ordinary Shareholders	6,172	3,77
6.80p 6.00p 5.00p	Earnings per Ordinary Share (note 2) Earnings per Ordinary Share fully diluted (note 3) Dividends per Ordinary Share (note 4)	3.73p 3.68p	3.30 2.90

#### INTERIM STATEMENT

Profit before taxation has increased to £10,395,000 in the half-year to 31 March, 1980. compared with £6,269,000 in the corresponding period in the previoue financial year. This increase in pre-tax income was derived from three principal sources. These were, improved inrome from reversion of leases and lettinge of newly developed properties, income arising from the proceede of the Rights Issue made in June 1979 and the reduction in interest payable on the 5% Convertible Loan Stock, the major part of which was ronverted in February 1980 into 27.6m ordinary chares. Overseas income

into 27.6m ordinary chares. Overseas income wae adversely affected due to the romparative strength of sterling.

Taxation at approximately 40% of pre-tax profits and the adjustment for minority interests reduced the earnings available to ordinary shareholders to 55,172,000. This is equivalent to earnings, fully diluted of 3.7p per share (1979—2.9p). The present indication is that the earnings for the second half of this year are of the same order.

Your Board proposes to pay an intarim dividend of 1.75p net per share on 24 July, 1980 (1979—15p) to shareholders on the register at the close of business on 28 June, 1980. Since I last reported to you in December, we have not made any significant extension to our capital investment programme, but good progress is being made with the major developments under way. In the United Kingdom the Guildford and West One. Oxford Street, developments are expected to be completed early in 1981. In Australia we have completed the letting of 85% of Exchange Centre, Sydney. In the United States the final phase of the Parkdale development in Minneapolis, comprising 200,000 square feet of offices has been letting as soon as space is available, and is expected to be fully income producing hefore the end of the current financial year. In Dublin the St. Stepben's Green office devalopment commenced in February and square feet of offices has been producing the form of the total of 130,000 square feet out of the total of 130,000 office devalopment commenced in renruary and 27,000 square feet out of the total of 130,000 square feet of offices has been pre-let.

Gerald Thorley.

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| 1957 | 1957 | 1957 | 1958 | 1957 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 | 1958 |

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RESULTS FOR THE HALF YEAR ENDED 31st MARCH 1980 (MAUDITED).

"Record first half"

THOS W WARD

£000 117.835 PROFIT BEFORE TAX PROFIT AFTER TAX 5,311 EARMINGS PER SHARE DIVIDEND PER SHARE (Grow)

> \* STEEL STRIKE HITS IRON AND STEEL ACTIVITIES · CEMENT PROFITS RECOVER \* COMPANY FINANCIALLY STRONG



What happens if you put a footwrong?

is sometimes a narrow one run us payer who is careful to pay no more tax than he has to runs the risk of rightly or wrongly coming under Island Revenue. First a tell-tale surge of interest from the District Inspector Then country by the Enquiry branch perhaps even leading to from of search warrants and the seizure

If this bappens to to clients you advise, you need to make sure ou fully understand to position. A new book by the ex-deputy head of Inland Revenue of the Branch, Tom Bringham, talk all what is likely to arouse by the suspicion in the first place, what ther sources of the state are, what their powers and the methods are.

The book also sets of the Evasion—the Law and the Practice

simply return the below together with your remittance.

Tom Binghem at 1150 each (including postage and packing) .

Please debit my Agess /Diners /Barchycard account mumber

TAX EVASION—THE LAW AND THE PRACTICE.



Manufacturing and Dispensing Opticions nufacturers of Surgical, Medical, Ophthalmic

Mr. J. H. Clarke, Chairman and Managing

Director, reports on 1979: Group Sales £11,270,257 (1978: £9,589,202).

Group Profit before tax £1,393,805 (1978: £1,256,472).

• Final Dividend 5.5% making 9.6875%

(1978. 9.6591%) for the year.

Earnings per share 13.61p (1978: 10.49p).

• Export sales £1,417,462 (1978: £1,174,401).

The year ahead: The currently high interest rates allow us to utilise our substantial cash flow to the best advantage. Our order books are in a healthy position and sales very satisfactory. Present trends signify that unless there is a serious down-turn in the economy, our half-year results should be as planned, with promise of a satisfactory final result.

#### M. J. H. Nightingale & Co. Limited

1979 High	80 Low	Соперапу	Price	Change	Gross Div-(p)	Yield %	P/(
99-	59	Airentung.	- 61	+2	6.7	11.0	3.6
50	26	Armitage and Rhodes	34.		3.8	11.2	2.2
	185	Bardon Hill	280		13.8	4.9	8.2
280	78	County Cars 10.7% Pf	78.	· •	15.3	19.8	_
100	63	Deborah Ord	. '93 '	.+1	5.0	5.4	10.2
101			120		7.8	5.6	7.5
125	. 38		96.		· 12.8	13.6	4.4
129	. 95			<u> </u>	18.5	15.8	
156	102	George Biait		+2	6.0	8.0	2.9
75	45				7.2	6.9	9.2
163	105	James Burrough	300			10.4	8.6
300	242	Roben Jankins		<del></del>	31.3	6.4	5.8
232	175	Torday	223	· · · <del>· · ·</del> · ·	14,3		
34	-114	Twinlock Ord	13	. —	0.8	5.5	2.5
80	70	Twinlook 12% ULS	76		12.0	15.8	4
56	23	Unitock Holdings		~	. 20	5.4	10.2
50	45	Unlick Holdings New	. 45	-	_	_	8.5
99	42		92	_	4,4	4.7	8.1
-33	100	W S Vantas	210	. <del>-</del>	12.1	6.9	3,41

Companies and Markets

#### UK COMPANY NEWS

## De La Rue expands by £10m and pays 19.8p

A SECOND half increase from £13.36m to £19.54m has lifted the taxable surplus of De La Rue Company, security printer, electronic equipment supplier, to a record £36.54m for the year ended March 31, 1980, against £26 6m, on turnover expanded by

some £39m to £158.5m. Sir Arthur Norman, chairman, says that under current trading conditions it must be expected that margins in the UK operations will come under pressure in 1980/81, but the group will benefit from the spread of its operations and associates

overseas,
The directors are lnoking for further satisfactory progress, he adds, and the company is well placed to preserve both its financial strength and its position in the group's various markets.

share are 60.3p compared with 51.3p, and the dividend is stepped up to 19.8p (15.575p) net with a final payment of 13.2p.
Turnover and trading profits,
which amounted to £26.7m (£19,4m) after central management and service charges, were split and service charges, water split as to: security printing, transport and ancillary services £120.4m (£91.5m) and £20.1m (£13.3m), and Crosfield Electronics £38.1m (£23.3m) and £36.5m (£51.3m)

£6.6m (£6.1m). Exports to third parties were over £90m, some 69 per cent of UK turnover, and the group has been affected by strong sterling escalating UK domestic costs, more than most, the chair-

"It therefore bas a greater

Profits for the year included interest receivable of £3.55m (£1.92m), and associates' profits of £6.16m (£5m), and were subject to tax of £12.96m against

(£500,000) and an extraordinary debit of £1.58m (£400,000), the attributable balance came out at f21.38m compared with £19.16m. (£4.34m) leaving the retained surplus at £12.23m (£14.82m). Trading profit/sales margins

rose from 18 per cent to 19.2 The directors say that adverse movements in exchange rates have reduced profits by some

Stated yearly earnings per 25p Nearly every one of the company's activities showed an Improvement, and the year's advance is therefore vary broadly

hased, Sir Arthur states. The UK-based banknote and security printing business of Thomas De La Rue did well in difficult market conditions, and the overseas side produced ex-cellent results.

Crosfield Electronics maintained its growth rate, as did Security Express, and De La Rue Systems—formerly De La Rue Crossield — showed improved

"Our activities are now much more widely spread. . . and this should have the effect of reducing our vulnerability to imconincentive than most to solve the problems arising, and can report market," the chairman says.

bealthy state at the start of the slightly at £7.6m but a higher ne wimancial year." Sir Arthur level of expenditure is expected in the current year, "probably in the order of £15m," Sir Arthur (£74.6m).

Expenditure on research and development rose by film to £44m, and be says a considerable number of new products has been launched in the past

12 months. Of the several investments the group made during the year the chairman says the most important included the establishment of a joint venture company in partnership with LogEtronics Inc. of the U.S., the acquisition of the U.S. distributorship of MAGNASCAN Colour Scanners, and the establishment of a joint venture in partnership with the Rayal Mint for the sale of mint-

ing knowhow and equipment. Agreement was reached for the group to acquire a third of the equity of a Swiss company which is to be set up by SICPA SA of Lausanne, to manufacture and supply specialised security links to the group's banknote and security printing units.

Group balance sheet shows that bank loans and overdrafts, in the UK and overseas, decreased from £13.6m to £6.6m —bank balances totalled £40.4m (£35.3m).

Stocks at the year end were valued at £28m, an increase of 16 per cent. Reserves and undistributed profits showed a rise of £12.5m to £81.9m. Sharebolders funds stood at £107.36m (£94.81m) before good-

will of £4.8m (same). On a CCA basis profits were reduced by £9.3m to £27.2m.

Lex. Back Page

aging and tractor body manufacturing divisions have been hurt by the confusion caused by

the steel strike but the French operation raised its profit con-tribution by more than half

despite foreign exchange move-ments. The group's exports, mainly to France, also defied

the exchange barrier, more than doubling to £1.4m. Confident of finding further sales opportuni-

ties in France and Germany, the company is speeding £2.5m this year to improve the efficiency

of its plants. The 5.8 per cent yield and fully taxed p/e of 10

likelibood that profit growth this

at 125p seem to discount

year will be modest.

## Scotcros over £2m mark

SALES OF the food, packaging and transport concern. Scoteros increased from £29.43m to £35.53m for the year ended March 31, 1980 and reflecting greater operating efficiency, pre-tax profits were raised by 45 per cent from £1.46m to £2.12m. Every company in the Every company in the group contributed to these

When aunomacing first half profits ahead at £0.95m (£0.58m), the directors said the second half result was expected to be comparable with that then reported. In the event, profits in the latter period were £1.18m (£0.93m).

A final dividend of 3.115p makes a net total of 5.075p. compared with a forecast of 4.62p with the June 1979 rights issue, and the previous year's

Earnings per 25p share are shown as 23.6p (21.2p) on the actual tax charge, or as 18.8p (13.4p) oo a notional tax charge, or 22.9p (17.5p) fully diluted. Trading profits rose from £1.72m to £2.39m, before interest of £277,000 (£261,000) and were split betwee0:—food £880,000 (£656,000), packaging £771,000 (£624,000), transport £179,000 (£67,000) and overseas £563,000

(£370,000). Trading conditions throughout Western' Europe

progressively more difficult unfavourable weather in Scot-during the year, and from land and the group's down February 1980 those group market wines and spirits stand companies using steel and tin up well against the drop in dis-plate. began to feel the effects of posable incomes. The tin packthe national steel strike.

Although the dispute ended in March, adverse effects cootinue to be felt and the directors say it may be some months before normal trading conditions return in the companies coocerned.

The group is continuing Its policy of capital investment to achieve greater manufacturing product ranges. Further invest-ment planned for 1980-81 is in excess of £2.5m.

Tax charge for the year rose from £178,000 to £441,000. There were extraordinary credits of £3,000 (£232,000 debits) and after minorities, goodwill and preference dividends, profils attributable to ordinary holders jumped almost £1m" to £1.6m Ordinary divideods £355,000 (£192,000).

#### comment

Scoteres bas surged ahead on all fronts, especially in finance, to achieve a 45 per cent increase in pre-tax profit. Animal, feed became bas been selling well because of

## Hoechst L

#### Payment of Dividend and Renewal of Coupon Sheets

#### **Payment of Dividend**

NOTICE IS GIVEN to shareholders that following a resolution passed et the Annual General Meeting of shareholders held on 3rd June, 1980 a. dividend for the year ended 31st December, 1979 of 14 % on the nominal value of the ahares will be paid as from 4th June, 1960 against delivery of the talon or lodgement of London Deposit Certificates for marking

The dividend of 14% will be subject to German Capital Yields Tax of

Takons and London Deposit Certificates may be presented as from 4th June, 1980 to

S. G. Warburg & Co. Ltd., Coupon Oepartment, St. Albans House, Goldsmith Street, Lordon, EC2P 2DL

from whom appropriate claim forms can be obtained.

The dividend will be paid at the rate of exchange ruling on the day of

Payments in respect of London Deposit Certificates will be made at the rate of exchange ruling on the day of receipt of dividend on the underlying shares deposited in Germany.

United Kingdom Income Tax will be deducted at the rate of 15 % unless claims are accompanied by an affidavit.

German Capital Yields Tax deducted in excess of 15 % le recoverable by United Kingdom residents, and the Company's United Kingdom Paying Agent will, upon request, provide Authorised Depositaries with the appropriate forms for such recovery.

#### Renewal of Coupon Sheets

On presentation of the talons, new coupon sheets with coupons No. 41-60 and telon will be issued at the same time free of charge.

In order to facilitate the technical procedure, the talons - listed in numerical order and, separated by denomination - should be presented at the above-listed bank . For each denomination, a separate listing torm should be supplied in quadrupie.

If the shares are deposited at a bank, the shareholders need take no action. The sheet renewal will be undertaken by the bank.

From 4th June 1980, delivery of our Company's shares will only be acceptable if they are accompanied by the new coupon sheets.

Hoechst Aktiengesellschaft

#### **Parkland Textile** downturn

A FURTHER FALL in the second half at Parkland Textile (Holdings), from £141m to £710,000 has left the taxable surplus of this warsted comber, spinner and manufacturer, well down at £1.36m for the year ended February 29, 1980, against

effectively increased to 3.7p (3.304p) net per 25p share with a final of 2.1p. Earnings per share are shown as 13p compared with 31p.

At the interim stage, profits had fallen to £650,000 (£1.16m) end the directors said that the installation of new plant in two manufacturing companies, which gave rise to higher depreciation charges, had disrupted production and would continue to do so in the second six months of the

Turnover improved to £35.46m (£31.8m) at the year-end, and profits were struck after depre-ciation and interest of £1.74m (£1.21m).

Tax for the period took £431,000 (£385,000) and after an extraordinary debit of £290,000 (nil) the attributable balance came ont well down at £639,000, compared with £2.18m.

#### comment

Pre-tax margins are more than halved at Parkland Textiles, but et least the second half was no worse than the first, and the company says it is holding its ground so far in the current year. In common with the sector, the company bas suffered from strong sterling exacerbat-ing the problem of aiready-cheap imports. Exports, accounting for around a fifth of sales, bave held up in volume terms but with profitability severely eroded. The company is reacting by placing more emphasis on the ladies' fashion market, where it feels import penetratinn may prove less damaging than in menswear. It has also been rationalising operations at the Smith Bulmer and Gledhill subsidiaries, which made a loss last year. The cost of redun-dancies and stock write-downs is reflected in the extraordinary ltcm. The historic yield is a generous 17 per cent at 32p, on an historic fully-taxed p/e of 3.2.

#### HAWLEY LEISURE

Of the 2.9m ordinary shares of Hawley Leisure offered by way a rights issue, 95.6 per cent have been taken up. The balance of 131,700 has been sold at a 1p per oew share premium and the oet proceeds will be distributed to entitled shareholders.

#### **Anglovaal Group**

**Declaration of Dividends** Mining Companies

Dividends have been declared payable to bolders of ordinary shares registered in the books of the undermentioned companies at the close of business on 27 June 1980. The dividends have been declared in the currency of the Republic of South Africa. Payments from London will be made in United Kingdom currency and the date for determining the rate of exchange at which the currency of the Republic will be converted into United Kingdom currency will be 7 July 1980, or such other dete as set out in the conditions subject to which the dividends are paid. These conditions can be inspected at the registered office or office of the London Secretaries of the companies. Warrants in payment of the dividends will be posted on or about 1 August 1980. The transfer books and registers of members of the companies will be closed from 28 types to 4 Luke 1990 both developments. will be closed from 28 June to 4 July 1980, both days inclusive. All companies mentioned are incorporated in the Republic of

	Dividend	declared	Total for	
NAME OF COMPANY	Number	cents per Ehare	Cents .	Notes
Final dividends — year ending 30 June 1980				
Eastern Transvasi Consolidated	60	110	150	
Hartebeestiontein Gold Minkog Company Limited	49	725	1 025	1
Zandpan Gold Mining Company Limited	16	123	173	2
Interim dividend-year ending 31 December 1960			i	
Consolidated Murchison Limited	69	30		

By order of the boards ANGLO-TRANSVAAL CONSOLIDATED INVESTMENT COMPANY, LIMITED per: E. G. D. GORDON

3 June 1980

Registered Office: Anglovaal House 56 Main Street Jobannesburg 2001 London Secretaries: 295 Regent Street London W1R 8ST

#### TYSONS (CONTRACTORS) LIMITED

#### Results for the year ended 31st December, 1979

Group Turnover	1980 £ 14.241.349	1979 £ 10.548.214
Group (Loss)/Profit before Taxation	(362,994)	211,360
Taxation	(46,655)	78,030
Group (Loss)/Profit after Taxation Minority Interests	(316,339) (5,050)	133,330
Dividend	(311,289) 105,875	133,330 105,875
Retained in Group	(417,164)	27,455
Earnings per Share	(6.23p)	2.67p

The Annual General Meeting of the Company will be beid at the Atlantic Tower Hotel, Chapel Street, Liverpool, on the 27th June,

The proposed First and Final Ordioary Divideod will be paid on the 1st July 1980 to Sharebolders on the Register at the close of business on the 16th June 1980.

## "1979 was another busy year with further overall growth in the Group"

for the year ended 31st December 1979 (Subject to Audit)	1979 £'000	1978 £'000
GROUP PROFIT BEFORE INTEREST AND TAXATION	63,861	54,330
GROUP PROFIT BEFORE TAXATION	58,375	52,379
GROUP PROFIT AFTER TAXATION (before Exchange & Extraordinary Items)	31,846	28,491
EARNINGS FOR ORDINARY SHAREHOLDERS (before Exchange & Extraordinary Lectus)	27,945	23,567
ATTRIBUTABLE TO ORDINARY SHAREHOLDERS (after Exchange & Extraordinary Leans)	25,714	23,239
EARNINGS PER ORDINARY SHARE	58.2p	52.8p
DIVIDENDS PER ORDINARY SHARE	28.00p	24.03p

**PLANTATIONS** 

Operating Profit £29.5m (1978 £27.7m).. Higher rubber and palm nil prices were partly offset by lower cocoa prices. Further sizeable increases in yields per scre and also in cash returns appear capable of achievement. All this provides attractive scope for improved future earnings, albeit at a pace consistent with gond agricultural husbandry.

#### CHEMICALS AND INDUSTRIAL Operating Profit £8.6m (1978 £8.6m).

The expansion in America, together with that well under way at British Chrome & Chemicals, provides exciting prospects for growth. Durham Chemical Group's planned production of anhydrous aluminium chloride at Birtley widens their product range. Canadian profits continue at record levels.

#### TIMBER AND BUILDING SUPPLIES Operating Profit £11.1m(1978 £6.6m).

Our timber and building supplies' aperations everywhere improved upon the previous year. Increased merchanting of sheet materials and building supplies provides an important and valuable spread of activity in this division.

#### GENERAL TRADING

Operating Profit £6.1m (1978 £5.0m).

Our twn major Companies in Malaysia surpassed by a wide margin the results achieved in 1978. Good profits were also earned by nur businesses in Australia and New Zealand, while important contributions were also made by commodities, insurance and most general trading activities.

GEOGRAPHICAL DIVISION OF OPERATING PROFIT	1979 %	1978 %
United Kingdom	.23	23
Asia	68	70
North America	4	3
Other (mainly Australia, New Zealand and Papua New Guinea)	5	4

The Board recommend a final dividend of 20.5p per share, making with the interim of 7.5p per share, a total dividend for 1979 of 28p per share (40p per share including the related tax credit of 3/7ths). The total dividend for 1978 was 24.03p per share (34.74p per share including the related tax



Chemicals Division opened the year at an acceptable profit level, although the weakness of United Kingdom demand and the continuing problem of low returns from exports are a concern for the remaining part of the year. Our Plantations, Timber and Building Supplies Division and our major General Trading operations have made a good start in 1980. Profits from these activities in the first quarter show a useful increase and overall we expect 1980 to be

## another satisfactory year. Harrisons & Crosfield

At an Extraordinary General Meeting held on June 3rd, 1980, it was resolved:-

To change the name of the company to

## SOVEREIGN OIL & GAS LIMITED

(the name to be adopted on receipt of confirmation from the Registrar of Companies)

To sub-divide each ordinary share of £1 each into 4 ordinary shares of 25p each

#### SHARE CAPITAL

Authorised

£10,000,000 in 40,000,000 ordinary shares of 25p each

Issued

£9,000,000 in 36,000,000 ordinary shares of 25p each

14 Waterloo Place, London SW1Y 4AR

# EIS

(Electrical & Industrial Securities Ltd)

. Process, Mechanical and Aircraft Engineers

At the Annual General Meeting on June 3rd, the Chairman, Mr. Michael Walters, reported:

- \* An eighth year of performance improvement with pre-tax profits at £1.918m, and turnover at £23.204m., in spite of the difficulties of 1979.
- Post-tax profits at £2.199m. after a tax charge of £75,444 and an exceptional tax credit of £356,945.
- Increased dividend bringing total for the year to 3.75p per share.
- Capital investment reached a new record level
- The Group has about £27m. of work in hand. Trading results to date support our expectations of continued improvement in Group performance.

Copies of the Report and Accounts are available from the Secretary. EIS Ltd., 6 Sloane Square, London S.W.1. Telephone: 01-730 9187

This advertisement complies with the requirements of the Council of The Stock Exchange

#### RoyLease Limited

(Incorporated under the laws of Conado) U.S. \$50,000,000 111/ Guaranteed Debentures Due 1985

Unconditionally Guaranteed by

THE ROYAL BANK OF CANADA



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The Debentures, issued at 100%, less accrued interest, have been admitted to the Official List by the Council of The Stock Exchange subject only to the issue of a temporary global Debenture. Interest is payable annually on the 15th June, the first payment being made on 15th June, 1981. Particulars of the Debentures are available in the Extel Statistical Service and copies may be obtained during usual business hours up to and including 17th June, 1980, from:

The Royal Bank of Canada (London) Limited

Kitcat & Aitken

London EC2Y 6DT

London EC2N 3AD

## Further volume growth forecast for Pentos

and economic hackground, further volume growth is seen for Pentos, the industrial holding company. However, any profits advance will inevitably be affected by the very high current Interest rates, and given the highly seasonal nature of group trading activities, interest costs will have a far more significant effect in the first six months, says Mr. T. A. Maher, the chair-

"Our record in the 1970s, on most measures of performance, placed Pentos amongst the lead-ing UK companies of the decade. We believe that our prospects for the 1980s, from a base which is now established and stable. are no less exciting." he tells members in bis annual state-

As reported March 12, higher interest charges and a very poor publishing result marred an otherwise strong performance in only marginally higher at £4.08m (£4.01m).

In hookselling Mr. Maher says Pentos is now clearly established as the largest retailer of serious books in the UK with 35 separate bookshops and with plans for further expansion and for margin improvement. In publishing, the approach to

1980 is a cautious one with the emphasis on reducing investment in stock and redocing overheads. while retaining the strength to seize the opportunities which will arise in a weakened industry.
Further opportunities are seen for volome growth in gardening

and in camping but he says it is important that margins for greenhouses are re-established at realistic level.
The group is optimistic about

its medum-term prospects in engineering, particularly in over-seas markets and in the UK gas industry; and believes there could be important acquisitional opportunities over the next 12

In construction, the emphasis continues to be on expansion of accommodation hiring activities, where the groop's increased geo-graphic spread and the attraction of biring in a depressed ecoonmo

#### Barrow seeks further acquisitions

Barrow Hepburn, the diversi-fied leather and industrial group, is "looking carefully for further acquisitions in the UK," chair-man Professor Roland Smith told the annual geoeral meeting

The group will be "making one or two moves towards the end of this year," he said. One potential acquisition is believed to be an engineering company in the aerospace field.

On current trading, the chairman said that "in the UK, things are not easy, but we're holding our own. Overseas, the going is more difficult." Overall, he said, there were within the group "a number of points for profits growth."

#### Reasonable start for Advance

THE current year has started reasonably well for Advance Landries, and forecasts for the whole of 1980 show a satisfactory improvement, Mr. P. N. M. Ruder, the chairman, says in bis

annual review.

He adds, bowever, that as with all industry, "it becomes increasingly difficult to keep abead of the seemingly inexorable march of inflation.

As reported on May 22, tax-able profits for 1979 were a record £4.48m (£3.66m) and the dividend is increased to 2.6p (2.068p) net per share. A revaluation of freehold and long leasehold properties, as at June 30, 1979, revealed a surplus over book value of some £2.5m. As at December 31, net cur-rent assets stood at £2.38m (£1.35m), and there was a £688.000 increase in net liquid funds, against a £536,000 de-

The group proposes to change its oame to Advance Services to more accurately reflect the range of activities it provides. In addition to the laundry side of the business, it is expanding newer services which include, air fresbening, soap dispensing, and air cleaning units.

Ultimate holding company is British Electric Traction.

#### New unit linked life assurance service planned

Henderson Administration is linking up with Provincial Life Assurance Company, a member of the Provincial Insurance Group, to market unit-linked life assurance contracts. Henderson's investment man-

agement services curreotly range across investment trusts. unit trusts, pension funds and

It intends to start in this new field by offering a range of single premium life bonds, invested in five unit trusts managed by the group, plus four additional linked funded man aged by Pronvincial-property, gilt, cash end managed. There will be full switching facilities between these funds.

These bonds will enable Henderson to tap the higher rate taxpayer for whom bonds offer better tax advantages than straight investment in unit Henderson next year to offer regular premium life contracts linked to its unit trusts and self-employed pensions invested in the group's exempt funds.

#### Downturn at Atkins **Brothers**

taxable profits from £523,512 to £241,336 left Atkins Brothers (Hosiery) with a lower figure of £509,924 for the year ended March 31, 1980, compared with £708.835. Turnover, however, edged ahead from £11.15m to £11.66m.

The Board is boping for some improvement in the current year, but is not under the present depressed circumstances attempting to make a specific

forecast.

A net final dividend of 2.9p After tax of £253,904
(£350,912) net profits were down from £357,923 to £256,020.

## Kwik-Fit writes off

£8m goodwill

Kwik-Fit (Tyres and Exhausts) Holdings has decided to write the substantial element of goodwill, mostly absorbed last year, ont of its halance sbeef.

The acquisition last Juna of the Corob Inter-City Properties cash shell brought in funds of £4.55m at a £487,000 premium over the assets acquired.

over the assets acquired.

More importantly, Kwik-Fit paid £10.48m through the issue of 12m ordioary shares and £3.5m of short term variable rate loan stock for its major expansion effort last autumo, Euro Exhaust Ceotre Holdiogs, which was consolidated at almost £7m over net worth. Coupled with the opening balance, goodwill stands at £7.98m in the February BIDS AND DEALS

## **Drilling tools** set to expand

Tools North Sea, for which industrial investment group ICFC has made an agreed £2.44m bid, fell from £353,000 to £308,000 in the financial year to March 31, according to figures in the formal

offer document. But Mr. Charles Noble, the director of stockbrokers Hedderwick Stirling Grumber who is chairman of Drilling Tools, said gross profits would have been a fifth figures are expressed be-fore reasearch and development spending of £42,000 (£11,000). Higher rental charges recently introduced for a wide range of the company's equipment would aid prospects, he said.

For 1980-81 as a whole, Drilling Tools expects a significant advance in turnover and rental advance in turnover and rental income. The first orders from a North Sea operator for a new safety coupling fo large diameter hoses have just been received. ICFC in making its offer through its Plumcloud subsidiary and contractions.

and currently controls nearly 38 per cent of the equity.

#### CARTEL BLOCK ON TAKEOVER

The West Garman cartel office has prohibited a takeover of the British company, Eurotech Mirrors International, of Bradford, Yorkshire, by Deutsche Uhrgiassabrik which is part of tha West German Carl Zeiss

Stiftung.

Stiftung.

The cartel effice says a merger of the two companies would lead to the "dominating position" of DUF being strengthened in seles of automobile rearview mirrors on the Wast Garman market. West German market.
Eurotech Mirrors is subsidiary of the HAT Group.

#### HONGKONG AND SHANGHAI

The offer on behalf of the Hongkong and Shanghai Banking Corporation to acquire all the shares in Antony Globs Holdings (other than those owned by (other than those owner than the those owner that the those owner that the those owner that the those owner that the those owner than the those owner that the those owner that the those owner that the those owner than the those owner that the those owner that the those owner that the those owner that received in respect of 10,798,25 ordinary shares.

Prior to the offer HSBC owner

7.7m ordinary and bas not acquired or agreed to acquire any shares during the offer. period. HSBC owns or has acceptances for 94.3 per cent of the AGH equity. Acceptances of the ordinary offer by AGH shareholders

alternative have been received

Consolidated Results for the year ended

£'000

389,763

19,468 187

12,788

427

385

4,688

(1,194)

31st December 1979

Consolidated trading

Investment income

Interest payable less

receivable (Note)

Consolidated profit

Share of profits of associated companies

Profit before taxation

Profit after taxation

Stockholders' profit

before extraordinary

Extraordinary items

Stockholders' profit/

Earnings per £1 of

Ordinary Stock before extraordinary items

Note
Interest receivable includes £917,000 (1978
£3,505,000) in respect of interest attributable to
payments on account of compensation of which
£552,000 (1978 £1,402,000) relates to prior years.

Loss/(Profit) attributable

to minority shareholders

before taxation

**Taxation** 

items

Dividends

Deficit

profit

Document) the cash alternat has now closed. The order offer will remain open-acceptance until further no

The number of new Ho shares to be issued for eve 100 AGH ordinary shares share consideration for ordinary offer is 74. Listing has been granted the Council of The St Exchange for the new HS shares to be issued pursuant the ordinary offer and it expected that dealings to

commence in the HSBC sha on June 30.

HSBC has received acceptant in respect of 237,500 Å preference shares (95 per ce and the preference offer become unconditional end remain open for acceptance further notice.

#### QUANTOCK IN TALKS

The Quantock Preservh Company of Bridgwater, h received an offer from to private company J. Gerber London. Quantock became subsidiary of Robertsons Foo

Ouantock has been working closely with Gerber for the pai two years and it has a expansionist policy which would entail increasing the value of products coming out of Bridgwater, including the tinning

#### J. H. FENNER

In yesterday's item on J. H. Renner and Co. buying Stone Hydraulic Industries of the U.S. the number of Feguer share likely to be issued should have read 5,045,000, and not 5,945,000

	Price	
una 3	*	tor
anco Bilbao	210	-
anco Central		
anco Exterior		. 3
anco Hispano		
anco Ind. Cet		
anco Madrid	141	<sup>-</sup>
anco Santander	257	
enco Urgulio	150	• •• •
enco Vizcaya	219	٠. '
anco Zaragoza	82	
ragados spanola Zinc	61	
spanola zinc	. 51.2	
al. Preciados	77.5	+1.0
idrolei		+0.2
erduero.	B3.0	+1.6
croleos	114	
stroleos	61	
og straa	107	•
lefonica	, 54.5	+0.5
Non Elact	104	-4^

1978

£'000.

391,355

19,729

20,098

8,491

11,607

11,701

4,272

7,429

(1,116)

(18, 254)

(16,619)

-369

## 1979 Report and Accounts

Points from the Statement by the Chairman, Sir Peter Matthews, A.O.

- UK Engineering Group, despite the engineering strike, achieved a 24 per cent increase in profits.
- Howson Algraphy Group performed well with profits again exceeding £10 million.
- Roneo Vickers and Vickers Australia experienced difficulties and reported losses but remedial action has been taken.
- Accounts distorted and profits diminished by failure of Government to pay compensation for businesses nationalised in 1977.
- Agreement in principle to sell International Machines Division of Roneo Vickers to CIT-Alcatel.
- Four Queen's Awards to Industry.

Aquisitions in 1979 included:

- Bristol Aerojet a leader in the field of rocket manufacture
- Medelec a world leader in electronic diagnostic equipment
- Inpac Automation leading manufacturers of shrink wrapping machines
- Jered Industries Inc. consolidates Vickers as world leader in ships' steering gear and stabilisers

On Nationalisation compensation Sir Peter Matthews said:

"This has been the central theme of the Chairman's statement for five years ... This saga, which must surely be unique, has been very damaging to the Stockholders of Vickers Limited. What is not always recognised, however, is the extent of the damage to our ongoing businesses, not only because of financial uncertainties, but through loss of opportunities for internal Group trading. Thus job opportunities have both been diminished and put at risk.

"We can only urge the Government to use its powers to act quickly in bringing forward an acceptable offer for our erstwhile aircraft activities and in speeding the process of arbitration of our shipbuilders' interests?

Copies of the Report and Accounts 1979 have been posted to Stockholders of the Company.

The 113th Annual General Meeting of Vickers Limited will be held at 12 noon on the 26th June 1980 at Millbank Tower, London SW1

VICKERS LIMITED, VICKERS HOUSE, MILLBANK, LONDON SW1P 4RA



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Chair to seem of

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Quantock Pre-

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MINING NEWS

## Kitts-Michelin queried on waste disposal

BY KENNETH MARSTON, MINING EDITOR

THE Newfoundland Government mill construction and to pur-strike in January and another has withheld its approval for the chase up to 18m lbs of uranium major stoppage in July-August. development of the Kitts oxide. Subsequently, however, the company initiated discussions made worse by a relative short-lect in Labrador pending the for a revision of the arrange age of skills and an inadequate receipt of further information ments in the light of the delivel of spares.

wealth Edison power utility could go ahead as soon as con-recently agreed in take the ditions warranted. pit operation is envisaged at the Michelin deposit and an under-ground operation at Kitts, the projected sunual production being 1.3m Ibs of uranium oxide

being 1.3m The of uranium exide the state-owned enterprise, has over 15 years.

Brinco agrees with the Environment and the Environmental Assessment Board that the subject of waste management is highly technical and Net profits in 1979 were complex, but is confident that the complex but is confident to the complex but is co the subject of waste management is highly technical and complex, but is confident that it can demonstrate that the waste management facilities will be £65.5m, and showed a slight environmentally safe and will drop on the 1978 figure. But the comply with all regulatory standards.

I get ween Communication that the reports our Georgetown corrections from the subject of the company with all regulatory standards.

Last year Commonwealth slightly more than the previous Edison agreed in principle to year, arrange financing for mine and The industry was hit by

natural resources group.

A decision as to the commer-

£40m open-pit mining project is expected to be made by the end

of March next year and at the

respect to the manner in which Development of the project the waste material will be dealt was deferred pending an im-with. Rio-Tinte-Zine group's market, but it was decided to

#### PROFITS SLIDE AT GUYMINE

Guyana Mining (Guymina),

dends to the Government, Commonwealth slightly more than the previous

feasibility studies.
Under the terms of the

original agreement, signed in

Hemerdon begins test trials

and testing of bulk sampling and planning permission sought.

material has commenced, writes
Slephen Thomson.

The Hemerdon project is a will take around two years and construction of the mill between Hemerdon Mining and Smelting.

18 months and two years. Commenced with the construction of the mill between the merdon mining and Smelting.

(UK), a subsidiary of Hemerdon, mercial production could begin Mining and Smelting Bermuda, during the first half of 1985.

and Amax, the diversified U.S. To date exploration expanditure

natural resources group. has reached U.S.\$7.5m (£3.2m)
A decision as to the commercial viability of the potential \$11m and \$12m by the end of

of March next year and at the original agreement, signed in latest by the end of June. 1981. October 1977, Amax has funded If the go-ahead is given, the mine will provide between 300 work. If full-scale production and 350-jobs and giva the UK goes ahead Hemerdon will have self-sufficiency in tungsten for to raise its share of the financine next 20 years, according to mr. Roger Craddock, mine manager.

Mr. Roger Craddock, mine man of Hemerdon Mining and man of Hemerdon Mining and Strating said Hemerdon Mining and

Hemerdon contains some 45m Smalting said Hemerdon's share tonoes of ore grading 0.17 per of this is estimated at £20m. He cent tungsten trioxide (W03) added that discussions regarding and 0.025 per cent tin (Sn.). Swancing had already begun.

LABOUR UNREST

AT STILFONTEIN

and gave no reasons for refusing to go underground, according to

a spokesman for General Mining Union Corporation, the name now

given to the parent mining house.

Amax officials studying tha possible environmental effects of operation said that the

incidence of small amounts of arsenie in local streams is

natural to the area and that they

are looking closely at ways of preventing any further poliution.

NATWEST/PARIBAS

National Westminster Bank, the Compagnie Financiere de Paris

et Des Pys-Bas group (Paribas) has acquired the 20 per cent holding in Union Financiere et Bancaire (Ufiba), formerly held by National Westminster.

5	FUTURE DATES		
i	interime—		
	Lee (Arthur)	June 1	19
5	United Spring and Steel		
)	Finals—	34.10	-
	Andersone' Rubber		.,
	araby Leslie	June 1	19
-	British Vending Industries Continuous Stationary	.lune	A
7	Continues Station of	June 1	ĭ
	Commission Statistical	annie i	::
•	Oawson International	Juna 1	16
	Oewson International	June 1	iš
_	- D.Bassii inaasiiisi inaasiiisi		-

## Transparent Paper at

AFTER highar depreciation of In a generally weak market in South African mining shares yesterday, Stilfontein dropped 80p to 770p. film against £910.483, profits before tax of Transparent Paper amounted to £1.02m in the year ended March 29, 1980, compared with £1.003m in the previous

#### HILL MINERALS N.L. (INC. IN NEW SOUTH WALES)

For its part, NatWest has acquired some 2 per cent of Paribas, which now holds 90 per

#### **BOARD MEETINGS**

The following componies heve notified dotes of Board meetings to the Stack Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not evaluable as to whother dividends are interims or finals and the subdivisions shown below are based mainly an last year's timetable.

Armitage Shanka, Buffelstenzein Geld Mining, Clydesdalo (Tranevael) Col-lieries, Eve Industries, Highsme, Themse Locker, Monchester end Marropolizan Invasument Truat, Mount-Investment Trust. Sentruet Bepark, Standard Fireworks, Time Products, Trens-Netal Cost Corporation.

Work at one of the three shafts	FUTURE DATES
at the Silffontein gold mine in	Les (Arthur) June 19
South Africa stopped yesterday following unrest among 4,500	United Spring and Steel June 12
mineworkers.	Andersone' Rubber June 13
But the reasons for the	British Vanding Industries June 19
stoppage were not immediately	Continueus Stationory June 11
apparent and, in Johannesburg, there was no inclination to link	Ferguson Industrial June 16
events at the mina with the	Lloyd (F. H.) June 20
mide- authors of speed in Court	

# Output in the other two shafts of the mine was raised and the overall leval of production has

When reporting first balf profits up from £311,000 to £406,000, the directors said that margins continued to be under A PHOT plant costing £900,000 A representative sample of Other hurdles to be faced beto test the feasibility of commercial production at the Hemerdon tungsten tin orebody near Given a go-ahead a separate full-slike environmental effect of Plymouth has now been installed scale mill will have to be built large-scale open-pit mining on severe pressure and prospects for maintained profit could not be regardad as favourable.

Tax for the year amounted to £178,832 (£204,839) leaving net profits at £839,156 against £798,255. The final dividend is large-scale open-pit mining on the area and the problem of contamination of natural streams by the arsenic contained in the orebody. 3.7933p, making a total of 5.7568p, compared with 5.51p.

THE 15 CENT CONTROL THAT THE 15 CENT CONTROL IS HEREBY GIVEN that the sale of forfeited shares will be held at the 11th Jace, 1980 at the 11th Jace, 1980 at

Shareholders are reminded that for-feited shares may be redeemed by payment of the call no later than 10th June, 1986, Call monies should be seet to Hill's Share Registry. L'o Coopers and Lybrand, 220 St. George's Terrace, Perth, Western Australia. ondon Information Office: City of London Financial Public Relations.

NEW ISSUE

#### U.S. \$25,000,000

#### APACHE INTERNATIONAL FINANCE N.V.

834% CONVERTIBLE SUBORDINATED GUARANTEED DEBENTURES DUE 1995

Convertible into Shares of Common Stock of, and Guaranteed on a Subordinated Basis as to Payment of Principal, Premium, if any, and Interest by,



Blyth Eastman Paine Webber

E.F. Hutton International Inc.

Piper, Jaffray & Hopwood

Banque Bruxelles Lambert S.A.

Morgan Grenfell & Co.

Union de Banques Arabes et Françaises-U.B.A.E.

·			
A.E. Aines & Co. Amst	ierdam-Rotierdam Bank N.V.	Arnhold and S. Bleichroeder Inc.	Bache Halsey Stnart Shields
Banca Commerciale Italiana	Banca del Gottardo	Banca Nazionale del Lavoro	Bank of America International
Bank Julius Baer International	Bank Guizwii	ler, Kurz, Busgener (Overseas)	Bank Mees & Hope NV
Bankers Trust International	Banque Arabe et Internationale	d'Investissement (B.A.I.I.) Banqu	o Française du Commerce Extérieur
Banque Générale du Luxembour	g S.A. Banque de l'II	ndochine et de Saez Banqu	e Internationale à Luxembourg S.A.
Banque Nationale de Paris	Banque de Neuffize	, Schlumberger, Mallet	Banque de Paris et des Pays-Bar
Banque de Paris et des Pays-Bas	(Suisse) S.A. Ban	aque Populaire Suisse S.A. Laxembourg	Banque Privée S.A.
Banque de l'Union Européenne	Banque Worms Barclays I	international Group Baring Brothe	rs & Co. Bayerische Landesbank
Bergen Bank Berliner Hande	ls-und Frankfurter Bank B.S.L.		Girozentrale rale Rabohank Chase Manhattar
Chemical Bank International		Italied Investissements (Underwriters) S.A.	Crédit Commercial de France
Crédit Industriel et Commercial	Crédit da Nord	Credit Suisse First Boston	Creditanstalt-Bankveren
	Dillon, Read Overseas Corporation	Lientjed	Drexel Burnham Lamber
Effectenbank-Warburg	Euromobiliste S.n.A.	Bermities Corporation.	Robert Fleming & Co
Altinguelishift Aktinguelishift		European Banking Company	Limited
Gefina International -	Antony Gibbs Holdings Ltd.	Girozenirale und Ba	nk der Österreichischen Sparkasse Aktorolistisch
Goldman Sachs International Co	orp. Greenshields	Groupement des Banquiers Privés	Genevois Hambros Bani
Hersische Landesbank Girozentrale	Hill Samuel & Co.	Istituto Bancario San Paolo di Torino	
Kidder, Peabody International	Kleinwort, Beason Kredisthan	kN.V. KrediethankS.A. Luxembourge	oise Kuhn Loeb Lehman Brother
	cting & Investment Co. (S.A.K.)	Kuwait International Investment Co	
		rrers Hanover Marine Midland	McLeod Young Weir International
Merrill Lynch International & C	_	Samuel Montagu & Co. Morgan	Guaranty Ltd. Nesbitt, Thomson
Nordic Bank Sal Oppenhe	im jr. & Cie. Plerson, Heldrin	ng & Pierson N.V Rothschild Bank	AG N.M. Rothschild & Son
Salomon Brothers International	Scandinavian Bank	J. Heary Schroder Wagg & Co. S	hearson Loeb Rhoades Internationa
Smith Barney, Harris Upham &		Société Générale de Banque S.A.	Société Sequanaise da Banqu
Sparbankernas Bank	Strauss, Turnbull & Co.	Sun Hang Kai International	Svenska Handelsbanke

Union Bank of Switzerland (Securities)

## REED INTERNATIONAL LIMITED

Swiss Bank Corporation (Overseas)

## Preliminary Results for Year Ended 31st March 1980

Despite growing signs of world recession demand for the Group's products and services was strong for most of the year but pressure on margins was severe.

Results in Europe and North America were particularly encouraging and more than compensated for the loss of trading profit following divestments overseas in the last two years.

Exceptional costs and provisions for rationalisation charged against trading profit for the year totalled £12 million (1979: £13 million). No extraordinary items were reported (1979: £10

Geographical Areas	19	80	. 19	<del>3</del> 79
	Total	Trading	Total	Trading
£m	Sales	Profit	Sales	Profit
United Kingdom	1,287	69.2	1,135	73.6
Europe	157	9.7	. 481	3.8
North America	250	30.1	300	14.3
Rest of World	26	(2.3)	. 191	15.1
	1,720.	106.7	1,807	106,8

After three years of restructuring and divestment of activities not in the mainstream of the business, the Group is now based on three main product areas - paper and packaging; publishing and printing; building and home improvements.

Following the sale in November 1979 of the pulp and paper operation at Dryden, Ontario for £36 million, the principal business of Reed Paper in Canada is now the successful newsprint mill in Quebec.

All manufacturing subsidiaries in Australia and South Africa have been sold and the Company's only continuing direct involvement in these countries is in publishing.

Capital expenditure increased from £48 million to £55 million. The Kiver publishing operation was acquired in the USA and agreement has been reached to purchase the outstanding shares in London and Provincial Posters in the UK.

Publishing, packaging, building products and paint all performed well. UK paper-making margins were seriously restricted by the continued escalation of energy costs and sterling. Wallcoverings continued to suffer from excess world capacity and the UK business is undergoing a major restructuring programme.

Product Areas  £m  Paper and Packaging  Publishing and Printing:	19	80	1979		
	Total Sales	Trading Profit	Total Sales	Trading Profit	
Paper and Packaging	744	61.9	896	56.2	
Publishing and Printing: Publishing Newspapers	389 186	27.9 6.3	341 165	30.8 10.0	
Building and Home					
Improvements: Decorative Products Building Products	280 121	0.7 9.9	267 138	3.7 - 6.1	
	1.720	106.7	1.807	106.8	

Net debt fell from £226 million to £115 million reducing the debt/equity ratio from 80% to 34%. Cash from the divestment programme has been used both to reduce long-term debt and to maintain a strong cash holding for maximum flexibility. The related fall in interest charges from £29 million to £11 million contributed significantly to the improvement in pre-tax profit for the year.

Exchange losses for the year were £2 million compared with £10 million last year.

Taxation

The effective rate of UK taxation on pre-tax profit was 26% compared with 41% last year. The main reasons for the reduction were the impact of a higher level of capital expenditure and of higher stock relief on values increased by inflation. Overseas the return to substantial levels of profit and the use of accumulated tax losses in North America, reduced the rate to 18% from 49%. As a consequence the effective rate of tax has fallen from 44% to 24% of consolidated pre-tax profit.

Earnings and Dividends Results in brief are:

19	80	19	979	
CCA	Historic	CCA	Historic	
1,516	1,516	1,611	1,611	
50	107	53	. 107	
55	100	45	83	
		. ,	7 11	
30	75	6	43	
845	729	914	766	
. 27p	67p	5p	38p	
13p	13p	8p	8p.	
	CCA 1,516 50 55 30 845 27p	1,516 1,516 50 107 55 100 30 75 845 729 27p 67p	CCA         Historic         CCA           1,516         1,516         1,611           50         107         53           55         100         45           30         75         6           845         729         914           27p         67p         5p	CCA         Historic         CCA         Historic           1,516         1,516         1,611         1,611           50         107         53         107           55         100         45         83           30         75         6         43           845         729         914         766           27p         67p         5p         38p

Having taken account of the progress made with the restructuring of the Group and the improvement achieved in earnings in both historic and current cost terms, the Board has decided to recommend a final dividend of 9p per share. Together with the interim of 4p already paid the proposed final dividend will make a total of 13p per ordinary share for the year compared with the 8p paid last year.

Subject to approval at the Annual General Meeting, which will be held on 30 July 1980, the final dividend will be paid on 12 August 1980 to Shareholders on the register on 1 July 1980.

Consolidation of Overseas Results

The 1980 results are for 52 weeks to 31 March 1980 both for the UK and overseas. The comparative figures for 1979 include overseas results for the year to 31 December 1978. Overseas results for January to March 1979 were: Sales £94 million and Profit attributable to Shareholders £4 million.

PRELIMINARY CONSOLIDATED PROFIT STAT for the year ended 31 March 198		audited)
	1980 £ mi)	1979 lion
SALES United Kingdom and Exports Overseas	1515.7 1120.2 395.5	968.5 642.4
TRADING PROFIT	106.7	106.8
SHARE OF PROFITS OF ASSOCIATED COMPANIES	3.7	5.5
OPERATING PROFIT	110.4	112.3
United Kingdom Oversass	71.4	75.9 36.4
INTEREST	(10,5)	(28.9)
PROFIT BEFORE TAXATION	99.9	83.4
TAXATION	(23.8)	(36.3)
United Kingdom Overseas	(16.41 17.4)	(25.5) (10.8)
PROFIT AFTER TAXATION	76.1	47.1
OUTSIDE SHAREHOLDERS' INTERESTS	(1.4)	(4.4)
PROFIT ATTRIBUTABLE TO SHAREHOLDERS BEFORE EXTRAORDINARY ITEMS	74.7	42.7
EXTRAORDINARY ITEMS		(9.6)
PROFIT A FTER TAX AND EXTRAORDINARY ITEMS	74.7	33.1
DIVIDENDS paid and proposed		
Preference	0.2	0.2
Ordinary 1980 13p per share (1979 8p per share)	14.5	8.9
PROFIT RETAINED	, 80.0	24.0
EARNINGS PER SHARE BEFORE EXTRAORDINARY ITEMS	66.7p	38.0p

	illion
495	434
18	21
216	311
729	766
_ 229	274
27	28
160	153
212	226
101	85
729	766
	18 216 729 229 27 160 212 101

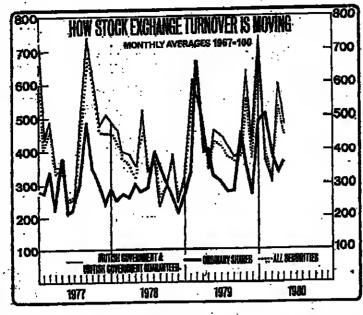
## Improvement in equities, gilt-edged decline

**= 24** 

A FALL in business in gilt. edged securities last month led to an overall decline in Stock Exchange turnover compared with April. Total turnover in May, at £14.64bn, was down £2.45bn, or 14.3 per cent. The FT Turnover index for all securities fell from April's 523.7 to 448.5, still above the 1979 monthly average of 431.5.

Sterling's strength continued to attract foreign funds to gilts but, bopes of an early reduction in Minimum Lending Rate receded, domestic interest lessened and business in British Funds slipped by £2.71on, or just over 19 per cent, to £11.4bn, of which the sborts accounted for £6.87bn. Trade in other Government securities amounted to £4.52bn, a fall of £0.9bn, or nearly 17 per cent. The number of bargains done in the Funds, however, increased by 3,280 to 86,329, with deals in the about 2,450 higher at 35.162. Bargains in the longs and irredeemables improved by 830 to 51,187. The FT Turn-over index for Government Securities fell to 482.0 from April's 596.9, still above the 1979 average of 454.8. Business in equities improved 239,371.

slightly last month, but sentiment overall remained drab as laneous investors held off in the face of a round of gloomy economic Equity turnover improved margins being one of the main points higher at 332.8.



index for Ordinary Shares rose 415.9. to 361.0 from April's figure of 335.2, but the number of bargains declined by 21,027 to

Share prices of the miscelindustrial

£0.1bn to £2.02bn, or 7.7 per deterrents to investment. From cent, while the average value an end-April level of 440.4, the per bargain increased elightly FT Industrial Ordinary Share to £6,992. The FT Turnover index gave up 24.5 points to index gave up 24.5 points to

Increased tension in Middle East and South Africa prompted renewed buying of gold and the bullion price closed the month \$21 an ounce leaders higher at \$5351. This found y lower deflection in South African gold drifted progressively lower deflection in South African gold during May with aterling's shares and the FT Gold Mines adverse effect on export profit index finished the month 31.4

Category	Value of all purchases & sales £m	Total %	Number of bargains	Total %	Average value per day £m	Average value per bargain £	Average number of bargains per day
British Govt. and British Govt. guaranteed: Short dated (having five years or less to run)	6,870.8	.47.0	35,162	8.4	343.5	195,405	1,758
Others	4,517.7	30.9	51,167	12.2	. 225.9	88,291	2,558
Irish Government: Short dated (having five years or less to run) Others	542.3 276.0	3.7	1,493	0.4	27.1	363,207 99,623	75
UK Local Authority:	239.5		2,057	1.9		29,730	403
Overseas Government Provincial and Municipal	18.1	. 0.1	1,673	0.4	0.9	10,821	84
Fixed Interest Stock Preference and Preferred Ordinary shares	149.8	1.0	29,729	7,0	7.5	5,038	1,486
Ordinary shares	2,023.2.	13,8	289,371	69.0	101.2	6,992	14,468
Total	14,637.3	100.0	419,423	100.0	<b>*731.9</b>	+34,899	. +20,971

## Pottery industry sickness reveals classic symptoms

BY PETER CARTWRIGHT

BRITAIN'S POTTERY manufacturers are bracing themselves volume end of the business. for the worst recession to bit accounting for £74.5m exports in the industry since World War 1979, and it is the volume busi-II. But although they are ness which has been hardest hit, disappointed at having to since price rather than quality. introduce short time on a wide is the criterion for sales. scale and postpone new investment, they are not dismayed. They have been through this

kind of cycle before and emerged even stronger. Nevertheless, the prospect of a flat 18 months before things are likely to improve is a dismal one. And 18 months is, by common consent, tha time it will take to travel through this particular economic valley. Also, because of the way in which they have been affected by Government policies at both ends of their business—through inflation-priced raw materials and the effects of a strong pound in their chief export markets — the classic 18-month period is to a large extent their forecast of how long it will take to recover from present difficul-

Even though they were unable to gauge the severity of the present crisis, pottery manufacturers have been aware of the possibility of recession for a considerable time. Most thought the real squeeze would come in the last quarter of 1979: that it is only now beginning to burt really bard is due more to their efforts at postponing the evil day than to any econostrong pound.

#### EEC sales

Tha manufacturers were already beginning to look more seriously at the European marseriously at the European mar-ket before the oil crisis of 1973-1974 and a strong pound began to transform their traditional markets in the U.S. and Canada. Since 1976, earthenware manu--facturers bave doubled their shipments to the Common Market. By last year it accounted for some 25 per cent more than the combined mar-kets of the U.S. and Canada.

The overtaking year for European exports was 1978, when sales in the EEC countries were just short of £30m. Only just over £1m extra sales were, bowever, notched up in 1979 while business in the U.S. slumped from £16.3m to £12.5m, and sales in Canada declined from £13m to £11.7m. The lorry drivers' strike, which resulted in the loss of millions of pounds worth of exports and filled warebouses, was another negative factor in a period of increasing

Earthenware tableware is the Circumstances have dealt

more kindly to that unique product, English bone china. Since 1977, exports by value to the U.S. have increased by more than £21m to almost £12m, and to Canada by a third to more than £13m. In the same period, bone china exports to EEC countries have almost doubled at £12.2m, a very remarkable achievement by any standards. It shows a responsiveness to changing markets and a marketing expertise that few other UK industries can match. Other sectors, though not all, have been similarly successful. Ornamental ware makers, for instance, have more than doubled exports worldwide in the past two years to nearly

Of course, value figures incorporate the effects of inflation, but the industry has been making progress in most sectors excepting electrical porcelain. It has, therefore, been all the more galling to see such hard won improvements in performance negated by the twin evils of inflation and an artificially

Predictably, as already indi-cated, it has been the lowerpriced volume producers of tableware that have felt the downturn first. Volume china ware makers bave been affected more patchily. And the limited edition, specialist studio pot-tertes making animals, birds, floral pieces and other pieces from £32 to £21,000 each are still as busy as ever, with some

even expanding.
In the Potteries some 3,000 workers have lost their jobs and more than 5,000 are on sbort time-almost equally divided between men and the women who do the decorating. This means that 10 per cent of the labour force are losing a day or two days a week, and getting them back into full-time work is going to be extremely difficult, given present condi-

In the past three years infla-tion at bome and a strengthening pound has, one potter estimated, added 50 per cent to the price of his wares in the U.S .enough to slice off much of the force, which currently accounts market. "We are concentrating for 35-40 per cent of total costs. on those markets whose economies are still strong and where we have a better chance of progressing," he said. "We are, for instance, expanding quite well in Japan after a decade of hard work. Nevertheless, the U.S. is still our most important market, and likely to remain

The pottery industry obtains no compensating benefit from the strong pound. 'All but a small percentage of its raw materials are indigenous, and these have increased in cost by 25 per cent in the last three years. A sanitary ware maker pointed to the. "frightening" pace at which gas, the Potteries main fuel to fire the kilns in which pottery is made, bas been shooting up in price—by 800 per cent in four years. "It is playing havoc with our costs,"
be said. "Fuel as an element
has doubled to 8-10 per cent
and further rises are on the way. Markets just won't stand for this kind of increase."

Gas prices are a particularly with the light-bearted themasore point in the industry. It "Does your bathroom make is pointed out that potters are you feel like sinking?" paying between 23-30p a therm, depending on individual contracts, while householders are paying 19.3p. And while the Gas Board has a statutory duty

**LEGAL NOTICES** 

NOTICE OF MEETING OF CREDITORS

DRIPKARN LIMITED

NOTICE IS HEREBY GIVEN, pursuant to Section 293 of the Compenies Act, 1948, that a meeting of the Creditors of the above-named Company will be held at 40 Highgate Wast Hill, London N6 6LU, on Thursday, the 19th day of June. 1980, at 11.30 o'clock in the forenoon, for the purpose of having a full statement of the position of the Company's effects, together with a List of the Creditors of the Company and the estimated amount of their claims, laid before them, and for the purpose, if thought fit, of nominating a Liquidator and of appointing a Committee of Inspection.

Inspection.
Notice is also given that, for the purpose of voting. Secured Creditors must (unless they surrander their security), lodge at the Registered Office of the Company at Suite 404, London Intervetional Press Centre, Shoe Lone, London EC4, before the Meeting a Statement giving particulars of their security, the date when it was given, and the value at which it is assessed.

Osted this 27th day of May 1980.

By Order of the Roard of Directors.

By Order of the Board of Directors GREGORY NEIL OAVID THAIN

PUBLIC NOTICES

NOTICE TO HOLDERS OF

Honda Motor Co., Ltd. (HONDA GIKEN KOGYO KABUSHIKI KAISHA)

Honda Motor Co., Ltd.

affected by the present recession MAIN MARKET CHANGES

HINA TABLEWARE	1977	1978	1979	
<u>s</u>	9.2	13:06	11.9	.73
anada .	10.0	11.6	13.3	
	7.1	9.6	12.2	
ARTHENWARE	1977	1978	1979	:· "
S.	75.1	16.3	12.5	
anada	11.3	13.0	111.7	
C	72.7	29.6	30.7	•
	:			

connect homes and factories if within 25 yards of a main, the factory obligation is mean-ingless, since its restricts the duty to supply to 25,000 therms annually.

The industry feels very strongly that it is being unfairly treated. "Outrageous," is the way Mr. Anthony Wade, president of the potters' federation, describes the situation. Sandwiched between these opposing pressures is a substan-

tial wage claim from the labour

The claim, say the employers, is equivalent to a rise of between 25 and 40 per cent when everything has been taken into account, including a reduc-tion from 40 to 371 hours a week.. The Ceramic and Allied Trade Union, on the other hand, argues that it is much more in line with the 20 per cent settle-ments in other industries. Luckily, industrial relations within the industry are among the best in the country and, as in other years, a sensible compromise is expected.

Apart from seeking new markets the industry is also fighting back on the bome front. The sanitary ware people are following the example of the kitchen equipment makers and trying to persuade housebolders. to modernise their bathrooms. The recently formed British Bathroom Council is spending £500,000 in newspaper and TV advertising extolling the virtues of baths and showers

A similar spirit of determination is also evident on the manufacturing side. After the

in the last financial year, the succumb to foreign competition: in the last financial year, the future of its three potteries and 700 employees looked precarlous. Since Abrahams, Birmingham, with \$1 per cent and the Towle Corporation with 19 per cent acquired. Myott-Meakin and brought new outlets into play (Towle is a distributor) the situation has changed dramatically. "We have picked up so many orders we are begin."

#### Subsidies

Royal Doulton figurine-

Nevertheless, the industry has the British Ceranic Manufac-never been more vulnerable. On turers Federation, who success

amounted to £26m-£7m more than UK exports. In Taiwan there are 250 ornamental ware makers, while Korea's sector of the industry is twice the size of

Imports from Taiwan are growing fast and are already up to £5m a year. This is the most serious threat from overseas. But sanitary ware makers are also feeling the effect of cut-price competition, with imports from Italy (regarded as a flagrant case of subsidisamanufacturers and again Italy is identified as one of the Interpace corporation sub-biggest exporters. Having seen like to bear more such indicated sidilary Myott-Meakin lost £1.5m the motor and other industries tions of governmental interest.

11.6

19,1

12.7

one of the areas of the industry least

**UK POTTERY EXPORTS** 

China: Tablewara

dramatically. "We have picked up so many orders we are beginning to be worried about our years ago when manufacturers capacity and indeed to think about expansion," a spokesman of a Japanese invasion of the said. Operations on the Hanley tableware market while they site now look much more assured and the possibility of exports, industry to industry more than 300 jobs being saved talks were started and more bopeful.

sion of the market. Mr. Sam Jerrett, director of

top of all its present worries is fully concluded the Japanese the spectre of increasing imports from low cost countries Taiwan and Korea on a similar and others where hidden substimission. He is convinced that dies are given to exporters. -the only lasting way to reach.

Last year, for example, amicable agreements is by such imports of ornamental ware industry of industry inegotiaindustry fo industry negotiations.
"The whole of the consumer into important

market is running into import problems," be pointed out. They are not going to be cured by import controls. What is wanted are import regulations, like those we have negotiated with Japan."

In this connection the industry noted with exceptional interest the views of Mr. Cecil. Parkinson. Minister of State. Department of Trade, when he stated: "While there is no pros tion) running at £250,000. Some pect of reducing imports, we 20 per cent of the UK tiles market is now beld by foreign attention to securing acceptable rates of growth." The pottery industry would like to bear more such indica-



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Address	17.100.00
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Tel. No	Elatar
Position	PIOIEXC
<u></u>	Carpet to work on.

#### This advertisement complies with the requirements of the Council of The Stock Exchange of the United Kingdom and the Republic of Ireland.



NATIONAL BANK OF HUNGARY (Magyar Nemzeti Bank)

U.S. S50,000,000

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. Amex Bank Limited Al Bahrain Arah African Bank EC

The Industrial Bank of Kuwait KSC

The 10,000 Notes of \$5,000 each to be issued at 100 per cent, have been

admitted to the Official List by the Council of The Stock Exchange, subject only to the issue of the Notes. Particulars of the Notes are available in the Extel Statistical Service and may be obtained during usual business hours up to and including 18th June, 1980

Cazenove & Co., 12 Tokenhouse Yard, London EC2R 7AN

4th June, 1980 ·

## MEPC uplift from new lettings & reversions

MPROVED Become from new 27.6m ordinary shares—has says that st pre-tax earnings of MEPC

by 66 per cent in the six months emiled March 31, 1980. The property development group, which reports total income for the period of 231 24m against Sign 130 list year, says the sare-ings £10.39m' (£6.26m) were struck file' linguide costs, of £11.64m (£12.01m) and the trans-fer of £2.20m (£1.91m), an amount equivalent to interest

and other outgoings applicable and is expected to be fully to development properties.

All interior dividend of 1.75 end Banque Nationale de Paris (1.5p) is announced and earnings is to take 27,000 sq ft of the per share for the first half are new Ardileno Centre due for stated at 3.75p against 3.3p and completion in Dublin in late 3.68 (2.9p) fully dilucted Pre 1981.

Sent. indications suggested MEPC says that, since second-half earnings per share December, the company's capital will be of the same order. will be of the same order.

According to the directors, the uplift in earnings has come from three principle sources. Income of development is proceeding derived from reviews of existing. "on time and more or less on leases throughout the company's cost," and is continuing within mixed investment portfolio has the limits which the company has grown while lettings of newly developed properties have made and Oxford Street developments good progress in addition, are both expected in be income arising from proceeds of completed early in 1981.

The company, which currently together with the reduction in holds around 70 per cent of its interest pythle on the 5 per asset value in the UK, the current programme the UK.

1977

67.5

helped the earnings picture. - strength of sterling has had e Almost 35 per cent of the marginally adverse effect on space in the 415,000 sq ft Sydney
Exchange Centre is now occupied Exchange Centre is now occupied and producing income while the Europaus scheme in Frankfurt is hully let. The 400,000 sq ft Manhattan Centre in Brussels is now over 80 per cent occupied. In the U.S., the final phase of the Parkdale development in Miniesapolis has been let as soon as space becomes available and is expected to be fully income producing by the year end. Banque Nationale de Paris

MEPC says that since December, the company's capital investment programme has not been extended significantly. In the UK, the current programme

cent convertible loan stock—the remainder overseas (and sees a Pre-tax profit for the first half major part of which was con-rather lower proportion of its of 1979-80 was £984,000 out of a verted in February this year into income coming from overseas), full year's figure of £2.25m.

strength of sterling has had e overseas income. The impact had been minimal because of its tendency not to repatriate funds but the position was likely to encourage the expansion of the company's direct operations in the North American market.

Unexciting

quarter at UDS, the stores group, is described as "unexciting" by

Mr. Bernard Lyons, the chair-

man, in bls annual report. He warns that first half profits may

be lower, but the company is

looking for improvement in the

second six months and expects

to turn in a satisfactory full-

Meanwhile, the group has decided, in the light of economic conditions and high interest rates, to reduce the pare of its

department stores development programme though its ultimate

expansion plans here remain unchanged. At February 2 future capital spending commitments overall were down from £12.02m to £4.41m of which £2.7m

(£6.39m) had been authorised

but not contracted.

Mr. Lyons points out that a revaluation of the 178 retail

shops and other properties held by Van Allan at the time of its

acquisition, for £16.5m, by UDS

in August last year, has been professionally revalued at

book vaine and the business which was trading et a loss

under previous ownership, has produced a small trading profit in the 19 weeks since its take-

Group balance sheet shows After meeting the cost of acquisitions, capital expenditure requirements and the increase in

working capital, the group's total

net horrowings were down some £21.5m to £43.66m. To maintain

maximum liquidity during the current period of high interest rates UDS has entered into sale and leaseback arrangements a

Towards the end of last year be directors decided to close

the furniture husiness of James Grant end Co. (West) in Scot-

land and Grange Furnishing in the south east. Operating from 39 shops, many of which were

too small for their particular trade, these businesses had combined sales of only 2.5 per cent of group turnover with a cyclical

These closures will be com-pleted by mid-summer 1980.

As known the group's taxable profit shipped to £24.12m (£27.82m) in the 53 weeks to

February 2, 1980, on sales of f445m (f386m). The net divi-dend is raised to 6.21p (5.645p).

During the year there was a net inflow of £11.57m (£6.76m). Sales at John Myers Mail

Order were 18.5 per cent higher

but heavy investment in agency growth has meant only modest

profits for the past three years Results for last year fell short of target but a better return is

now sought as costs level ont

properties.

profit history.

Mr. Lyons says.

number of its freehold

£18.78m.

start -

for UDS

#### **Sizeable** drop' seen at Bentalls

AFFER A reasonably good start to the current year in February and March, Mr. J. D. Spooner, chairman of Bentalls, told members at the annual meeting that sales in April and May had been very disappointing, and he expected a "sizeable drop" in

He added that directors of this Since acquisitions 14 Van Allan shops have been trans department store concern, were making every effort to keep expenses in line with their projected turnover, but even so ferred to the group's other multiple chains where a signiit was unlikely the company would match last year's results. being seen. A further 16 non-profitable shops have been closed and sold for more than

## Sketchley raises profits to record £5.7m: dividend boost

FOLLOWING the rise from revealing a surplus of £1.07m £2.79m to £3.32m in the first six which has been credited to share workwear rental, dry cleaning and textile finishing group, reports pre-tax profits up from f4.94m to a record £5.74m in the year ended March 23, 1980.

Stated earnings per share rose by the group balance sheet at from 28.8p to 38.4p and as expected a higher final dividend its year ended for the share holders investment as disclosed by the group balance sheet at from 28.8p to 38.4p and as expected a higher final dividend its year balance sheet at from 28.8p to 38.4p and as expected a higher final dividend its group balance sheet at from 28.8p to 38.4p and as expected a higher final dividend its group balance sheet at from 28.5p (3.29p) lifting the total from 5.49p to 3p.

Commenting on the deferred tax account at March 30, 1979.

After ellowing for the final dividend the value of the share holders investment as disclosed by the group balance sheet at from 28.5p (3.29p) lifting the total from 5.49p to 3p.

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Mr. G. Wightman chairman says the higher borrowings which that all divisions echieved satis-factory results in a difficult year, group's continued expansion. Although the general econo- Borrowings at March 28, 1980, mic outlook for the current year amounted to just under 16m; is not good, sales of all divisions. Adequate: short and medium

are ahead of the comparable period-last year. Provided there is no further deterioration in the national economy, the group The group has now adopted looks forward to a year of con-SSAP 15. As a consequence of tinned progress, the chairman the high level of investment in states.

The group's freehold and long leasehold properties were-re-valued at the end of the year.

otal from 5.49p to Sp.

Commenting on the results, much of the year and because of the G. Wightman, chairman, says the higher borrowings which

ter mfacilities are aveilable to meet the group's financing requirements the chairman adds.

the year the tax charge is This is then offset by an over

carried forward as it is expected to be recovered against the llability.

Extraordinary items include goodwill arising on acquisitions £1.59m (£106,000) less the net surplus arising from the disposal of properties and other items totalling £192,000 (£59,000).

#### comment

With the henefit of hindsight, Sketchley's move into industrial looks increasingly High street cleaners olever. High street cleaners operate on heavy fixed costs and the recession is reducing volume, offset only partly hy increased repair business. To counteract this trend, however, is the rising volume of the industrial division, where the National Coal Board contract holds the centre of the stage.

Material purchase costs are now
fully accounted for, so the NCB
arrangement will be contributing

a very high margin over the next few years. Growth in the industrial area has recently driven profits sharply higher but the momentum of new business is now slackening. To compen-sate, Sketchley is pushing into lighter commercial clothing. On top of this, it has a gearing ratio which has now peaked at 25 per cent and offers plenty of scope for acquisitions (the OFT per-mitting). The group's predatory eye may eccount for the dividend

Save & Prosper Linked higher

which, despite a 43 per cent gross increase, is 3.6 times covered hy historic earnings and, on e share price of 239p, offers a yield of only 4.9 per cent. The stated p/e is only 6.1 but the rating is distorted by an exceptional tax credit. The fully taxed multiple is 12.7. Taxable profit of Save and Prosper Linked Investment Trust rose from £447,023 to

#### RESULTS AND ACCOUNTS IN BRIEF

MARSHALL'S UNIVERSAL (motor vehicles, accessories and paper and board products distributor)—Results for 1979, reported May 9. Graup fixed essets £5.5m (£7.45m). Net current assets £8.5m (£7.45m). Net current essets £8.45m (£7.212m). Including essh und benh belances £4.7m (£2.15m). Meeting, Fairfield Hells. (roydon, June 23, ncon... SUNDERLAND AND SOUTH SHIELDS WATER—Results for year ended Merch 31, 1980, already known. Fixed assets £25.25m (£26.16m). Net current liabilities (£1.05m (£1.41m). Increase in cesh end beak balances of £37.412 (£47.485 dacreess). Meeting, Sunderland, Jone 18, nson.

EAST SURREY WATER—Results for Merch 25, 1980 year already known. Fixed assets £13.85m (£14.37m). Net current liabilities £27.000 (£257.000)—Senting, Reddill, Surrey, June 20, 10.30 em.

CHANNES. TURNES. INVESTMENTS—CRANNES. TURNES.

June 20, 10.30 em.

CHANNEL TUNNEL INVESTMENTS—
Gross Income for 1979 £15,493
(£12,582). Net income £4,010 (£1,689)
efter tax end caponase. Earnings per
share 0.27p (0.12p).

JOHN BAKER (INSULATION)—Pretra profit for 1979 £51,377 (forecast
\$50,000). Oividend £28,440. ACT
£12,188. Retained £10,749.

LONDON ENTERTAINMENTS (chestre
production and management)—Pre-

LONDON ENTERTAINMENTS (heetre production and management)—Prerex profits for eix months to February 29, 1930, 295,281 (290,983); tax 236,083 (29,701). No interior dividend (same). Chairmen says eight-year run of Jesus Christ, Superatur, ands in August. The Palseu Thuetre, London, will then be closed briefly prior to new production of Oklehome which starts on September 17.

The state of the s

W. June 24, 11,10 am.
EVERED AND CO. HOLDINGS (pon-terrous metal manulacture, engineer-ing)—Results for 1978 reperted May 20 with -prospects. Group flaed supris £2,44m (£1,21m). Net current assets £928,264 (£1,44m). Net liquid funds decimaned £189,525 (£18,354). Meeting, \$1500,000,000 mm, 1000,000,000. decmased £189,525 (£18.354). Mesting, aliminghem, June 20, noon. ESTATES AND GENERAL INVEST-MENTS (property investment and development, hotal trading).—Results for 1979: strendy known. Group fixed sessets £1.91m (£12.83m). Net current sessets £1.91m (£0.83m). Net liquid funds fell by £38,947 (£2.05m). Chairman saws common is well placed to

man says company is well placed to take advantage of any improvement in conditions. Meeting, Savoy Hotul, WC, conditions. Meeting, Savoy Hotul, WC, June 26, noon.

HELINE OF LOWDON (menufacturer of fashion, and leisurewear)—fleaults for 1979 arready knewn. Fixed exacts 1974, 283 (2815,360); current sasers 65.03m (25,73m); Increase in working capital £330,312 (£488,085). Chairmen says company has company its liquidity and is in a position to continue its explanate hoth by acquisition and by 'Internal growth. Meeting, Great Eastam Hotal, Liverpool Street, EC, June 22, noon.

SCOTTISH AGRICULTURAL SECURITIES CORPORATION—fleaults for year

TIES CORPORATION—Results for year ended March 31, 1980, already know.

Fixed assets £17.55m (£18.17m). Cur-mnt assets £524,308 (£448,597). Current liabilities £1.91m (£2.44m). Mesting, Edinburgh, June 24 2.45 pm.

Edinburgh, June 24 2.45 pm.

GRAMPIAN HOLDINGS (industrial services, consumer goods)—Results for 1979 reperted April 11. Group fixed users 53.16m (59.09m), net current susets 59.65m (59.09m), net current susets 59.65m (59.37m). Shareholders' funds 514.21m (513.24m), Current cost pre-tax profits £431,000 (5305,000) compared with historical 51.99m (51.68m). Chairman believes company is in u position to take adventage of any oppurer in the economy. Emoluments of highest paid directer were 537.682 (59.323). Meeting, Glasgow, June 28, ut nogn.

ot nosh.

CHESTERPIELD PROPERTIES—Results for 1979 einselfy known. Group properties 91.95m (£32.27m), investments £2.05m (mil), net current liebilities £10.25m (£1.5m), barehelders' funde £55.64m (£19.17m). Chairman utys company's rental income can be expected to rise by just under £1m at current values over next three years; profits will continue to rise at a starty and satisfactory rate. Meeting. Avery House, W, June £5, 11 am.

June 25, 11 am.
FRENCH KIER HOLDINGS (civil engineering, construction, building, housing end property development)—
Results for 1979 reported May 13 in Roll preliminery ererement. Group fixed essets £24.71m (£21.48m), net current essets £13.55m (£23.15m). Chairman believes there will be a reasonable outcome. come to group's operations during 1980. Meeting, Waldorf Hotel, WC, June 27, noon.

WEEKS ASSOCIATES (trailers, industrial and agricultural equipment)—
Results for year ended January 27, 1980, reported May 10 in full preliminary statement. Historical pre-tax profil £41,834 (£454,788) tulmed into £28,781 loss (£239,641 profit) on £CA basis. Group fixed essets £2.73m (£2.48m), not current assets £1.54m (£1.43m). Borrowings at £2.88m regreent 72.7 per cant of aherehelders' funds, £3.96m. On May 2, Grovawood Securides held 24.09 per cent of Isaued share capital. Meeting, Holl, June 25. share capital. Meeting, Holl, June 25,

SCOTTISM NORTHERN INVESTMENT TRUST—Results for year to March 31, 1980, already known. Investments 164.86m (198.61m); asset valus 101.40 (102.63p equivalent); increase in liquidity £782,000 (£883,000). Chairman any the heard continues to believe anys the board continues to believe in the fundamental attractions of invest-ment in North America and, at the appropriate time, will increase its participation. Meeting, Aberdeen. June 27, 12.15 pm.

PETALING TIN-Output of fiel ore for PAHANG CONSOLIDATED-Output of tin concentrates for May 31 tonnes. HONGKONG TIN-May sutput 54



# Broadly based advance for De La Rue

## Satisfactory rate of growth and improved profitability.

Outlook:

'Although it must be expected that margins in the UK will come under pressure, the Group will benefit from the spread of its operations and associated companies overseas and is well placed to preserve both its financial strength and its position in its various markets'.

Sir Arthur Norman, KBE., DFC., Chairman

#### SECURITY Thomas De La Rue

Production of banknotes and travellers cheques recovered to more normal levels. Whilst it would be idle to pretend that uncontrollable and frequently unforeseeable events in a number of countries do not represent a continuing hazard, the order book at the start of the new financial year is in good condition.

Although UK Security/Systems Print business was dull, the equivalent operations in Brazil and Colombia did extremely well and the General Services side had a very successful year.

#### De La Rue Systems

A year of hard struggle and of further substantial investment in product developments. Turnover increased by 38% and there are very real prospects of a positive result in the current year.

#### **Security Express**

Further substantial advance in profit with both Cash-in-Transit and Courier operations making good contributions.

#### **CROSFIELD ELECTRONICS**

The Division maintained its position as the Group's growth leader, increasing turnover by 35%. Although prospects are bound to be affected by the external strength of sterling and the degree of world economic recession, the order book is reasonably satisfactory and the Company is confident of being able to show future progress.

#### ASSOCIATED COMPANIES

The Nigerian Security Printing & Minting Company has continued to provide excellent service and De La Rue Giori also had a very satisfactory year.

During a year in which industrial unrest, rising unemployment and inflation were rarely out of the headlines, the people of De La Rue worked hard and effectively overall.

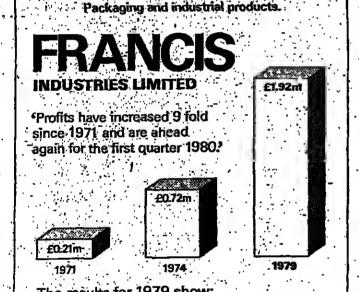
But the relentless increase in costs in this country must, if it continues, seriously affect the competitiveness of the Company in its international markets. It is a trend which, in the interests both of the people who work in the business and of those who invest in it. cannot be allowed to continue.

#### Results for the year to 31st March 1980.

	1980.	1979
Sales:	£000	£000
UK Export Overseas	39,850 90,161 28,507	30,454 67,370 21,992
	158,518	119,816
Trading profit before interest (Note I) Interest receivable less payable	26,829 3,550	19,671 1,922
Trading profit	30,379	21,593
Share of profits of associated companies	6,160	5,010
Profit before taxation	36,539	26,603
Taxation	12,963	6.545
Profit after taxation Minority interests	23,576 625	20,058 500
Profit stiributable to The De La Rue Company Limited,	:	
before extraordinary items	22,951	19,558
Extraordinary items	(1,576)	(400)
	21,375	19,158
Dividends	9,149	4,343
Retained earnings	12,726	14,815
Earnings per Ordinary share (before extraordinary items)	-60.3р	51.31
Trading profit as a percentage of sales	19.2%	18.0%

Note 1. Trading Profit: This has been reduced by the sum of £2 million representing the unrealised profits on goods sold to an overseas distributor during the year and included in stocks repurchased by the Company as a result of the termination of the distributorship agreement on 11th April 1980.

Copies of the Preliminary Results and Chairman's Statement are available from the Secretary; De La Rue House, Burlington Gardens, London WIA 1DL.



The results for 1979 show:

\* Pretax profits up 27%

\*Yield of 11.7%

\* Dividend covered 3.6 times \* Asset cover 170% of market capitalisation



NOARI

Special Hart Fil

4 6 1

Our budgets for 1980 had ahown a continuing strong improvement in trading performence. The steel strike and the worsening economic climate have modified our profit expectations; nonetheless, ell operating companies should steadily consolidate their positions in each major market they supply.

SANDY SAUNDERS, Chairman Magson House, Luddendenfoot, Halifax

#### The Society of Company & Commercial Accountants ANNUAL GENERAL MEETING

The Sixth Annual General Meeting of the Society was held on 19th May 1980 at Glaziers Hall, London.

In moving the Report and Accounts for the year ended 31st December 1979 the President, Mr. J. K. Poole, gave a resume of the events that had taken place during 1979 and in the few months in 1980 preceding the Annual Geograf Meeting. He particularly reminded members present of the functions that had taken place to celebrate the 50th Jubilee of the incorporation of the Institute of Company Accountants, the main events being the celebratory Dinner at Guildhall, Londoo, on 6th September 1979 and the Church Service at St. Martin-in-the-fields in November.

He was pleased to refer to the series of City Luncheons that were given by Council to prominent business and professional men and women and stated that this had helped the Society to become better

On a domestic note he announced the fee increases that were necessary to come into force on 1st january 1981 and promised that necessary to come into force on its january 1961 and promised that services to members would continue at a high level. He paid tribute to Mr. Dennis Evans' service to the Society in the field of European participation and stressed the importance of the Society's Diploma in European Studies which was being overseen in Europe by Professor Emiel Geerart of Antwerp University.

The President stated how pleased he was that the members of the British Association of Accountaints and Auditors who were present British Association of Accountants and Auditors who were present at their Extraordinary General Meeting held in March 1988 had passed the resolution agreeing to amalgamate their membership with that of the Society under the Heads of Agreement issued to them as approved by Councils of both the British Association and the Society. He stated that this was a logical step in the approach to rationalisation of the profession and should be the forerunner of more close links with other professional hodies.

11 Portland Road, Edgbaston, Birmlegham 816 9HW

NORTH AMERICAN NEWS

## Motor slump forces Dana to speed diversification

suppliers of automotive compo-neots, bas been badly bit by The si country's motor industry problems, forcing it to close plants and effectively accelerate its attempts to diversify from the cyclical motor trade.

Dana, based to Toledo, Ohio, at present bas 20,000 active employees io North America, compared with 30,000 a year ago. In the past four mooths it has annouoced the permaoent closure of four plants prodeing frames, axles, castings and gaskets for light trucks. The company bas been bardest

bit in the light truck sector, where jodustry sales were down more than 40 per cent in the first five mouths of this year

DANA, one of the largest U.S. compared with the same period The slump in sales of vans and pick-up vehicles, along with such speciality vehicles as American Motors' Jeep, has been created not only by the rise in fuel consciousness and the combination of high interest rates and recession, but by a collapse of the market for leisure use of light commercial vehicles.

Dana is also suffering from the rapid switch in the U.S. car and commercial vehicle markets \$164m on sales of \$2.76bn. In power systems.

During the last recession,

for light trucks. This year, analysts expect the company's spectacular record of 25 per cent a year over five years and net profit growth of 28 per cent a year in the same period to be brought to an abrupt end. Dana also now bas problems in the weakening mar-kets for agricultural and construction equipment and for beavy trucks.

to smaller, front-wheel-drive the first six months of its current year net profits were \$70m, compared with \$80m in Dana managed to buck the nor-mal cyclical trend in the indus-try, largely hecause of the from \$1.35bn.

## Orion again rejects Shearson

BY OUR FINANCIAL STAFF

ORION CAPITAL Corporation has rejected the increased \$17.50 a sbare takeover proposal from Shearsoo Loeh Rhodes, the Wall Street investmeet firm.

of Orion, which is the successor company to Equity Fueding, tax losses from Equity Funding said the offer from Sbearson was which cannot be used to offset grossly inadequate. The latest hid, which aupercedes a pre-viously rejected \$16 proposal, values Orion at about \$129m. Mr. Gruher several times at yesterday's meeting refused to say what he considered a fair price

at the meeting told shareholders that its offer was only a beginning and that it was eager to eoter into oegotiations At yesterday's annual meet-ing Mr. Alan Gruber, chairman perty and casualty coocern. It tax liabilities on life Insuraoce

profits.
Mr. Gruber said yesterday that Orion did not have any plana to talk to Shearson.

Representatives of Shearson standing commoo shares. Orion said yesterday that the company and its directors were ported class action law suit filed In the New York Supreme Court. The suit complains that the plaietiff bas beee damaged by Orion's decision not to negotiate on the Sbearsoo proposals.

Orion's management said it believed the complaint, which made no specific damages claims. was wholly without Last year Orioo had premium claims. was wholly will income of \$164m and earned merit and had referred the \$1.74 a share oo its 7.36m outter to its legal counsel. merit and had referred the mat-

## Strong second quarter at Fluor

BY OUR NEW YORK STAFF

FLUOR, the large Californiao the growing energy producing sists of oatural resources promanufacturer of plant for the petrochemical Industry, yesterday reported second quarter earnings of \$36m, up 59 per

Mr J. Robert Fluor, chairman, also forecast that the 34 per cent, with net locome company's strong performance of \$64.1m, up 38 per cent. would continue throughout the "relatively immuse from any adverse effects of the

crease was posted on sales of quarters of Fluor's husiness. \$1.15bn, 36 per cent higher The company's orders, how-than in the 1979 period. Half ever, have shown some slight year sales reached \$2.2bo. up Growth was strong io all sectors of the company's busi-

duction. Engloeering and con-The company's earnings in struction account for three-

booked in the quarter just com-pleted totalled \$2.7bn, compared with \$3bn in the 1979 quarter. The order hook stood ness and outstanding in at \$13.6bn at the end of April, | ment gives its approval, produccurrent recession" because of the company's concerning compared with \$12.9bn at the tion could begin within three the company's concection with businesses, which mainly con- eod of April. 1979.

#### Exxon to increase spending by \$500m

EXXON, the world's largest oil company, vesterday announced that it would increase its spending this year by \$500m, bringing it to a total

Together with increases ar nounced recently by other U.S. oil majors, these higher outlays are becoming significant in offsetting the impact of the U.S.

Exxoo'a total planned outlays this year will exceed by some 18 per cent the \$6.8be it spent last year. Other compenies who have said they will spend more thao originally planned this vear include Texaco up by 33 per cent, and Standard Oil (Ohio), Britisb Petroleum's U.S. affiliate, which raised its hudget from \$950m to \$1.1bo.

Most of these increases in spending will be for oil and gea exploration, and geographically the largest proportions are earmarked for energy

development in the U.S.

The demand for process plant steel pipe, driling stems and named as defendants to a pur-; ancillary equipment created by thia spending is already being viewed by analysts as an important counter-cyclical force Leading companies in the steel industry have also sald they expect the demand for steel pipe to offset declining deliveries to the much-depressed car market.

#### Alcan to study smelter plan

By Our Financial Staff

ALCAN ALUMINIUM, the Mootreal-based integrated alumioium group, is to uodertake a feasibility study of a jolot veoture for a 45,000-ton-per-year luminium smelter in Mexico.

The smelter would be located near Tampico on the Gulf of Mexico and would supply domestic Mexicao oeeds,

The feasibility study is a joint venture with Complum, which is oweed hy Mexico's three leading aluminium transmission cable producers, Alcao said. If the study proves favourable and the Mexican Govern-



World markets as they move

These Nates have not been and are not being affered to the public. This advertisement appears only as a matter of record.

NEW ISSUE

May 27, 1980

U.S. \$75,000,000

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The First Boston Corporation

Wood Gundy

INTERNATIONAL CAPITAL MARKETS

## Lloyds Bank plans £50m FRN issue

LLOYDS BANK is to be the secood borrower oo the new sterling FRN market. Terms were set yesterday for a £50m 10-year issue with interest payable at 4 per cent over six-month Libor.

The borrower is Lloyds Euro-finance NV a wholly-owned subsidiary of Lloyds Bank International which is sole lead msnager for the issue. Minimum coupon is 8 per cent.

Market indications yesterday were that the issue would meet a more favourable reception than was accorded the first borrower in this market, Scandioavian Bank, which floated a £20m issue last week. Although this is a larger

ue, the name of Lloyds Bank is better known, which should make the issue more marketable. It will thus be a better test of the potential of this

#### U.S. corporate bond vields below 10%

By Our New York Staff

U.S. CORPORATE bond yields broke beck through the 10 per cent tevel for the first time in nearly nine months yesterday when Coca Cola floated \$100m of bonds at 9.914 per cent. The last issue this range was International Business Machine's much publicised \$1bn offering last October.

This was the first time Coca Cota bad ever issued bonds on the open market and as such they had a scarcity value which was reflected, in their high price. They were also rated triple A, the highest evailable.

Bot elsewhere in the market interest rates have been edging up in the last few days because of the enormous volume of corporate borrowing triggered by Currently, new issues are running close to \$1hn a week. three or four times the normal rate.

A sign of the slight increase In interest rates came yes-terday with the latest Bell telephone system isne, \$100m of Wisconsin telephone bonds which carried, a yield of 11.45 per ceot. This compared with 11.07 per ceot on the Bell issoe of May 6 when rates hit their steepest silde from

the mid-Aprit peak. Evidence of a weakening market also came when the Coca Cola bonds did not sell as fast as anticipated. By midday, the issue was about 60 per cent sold out, which suggested it might not sell out on the first day.

erratically in the early part of the day, and the Fed lutervened at one point to stop the key Fed funds rate moving above 111 per cent. Oo Mooday night, three month.

Treasury bills brought a yield of 8.035 per cent at the weekly anction, np from 7.675 per cent the week

#### **EPA** reprieve for Ford

By Our New York Staff

FORD MOTOR bas been granted a one-year reprieve from the exacting anti-pollotioo standards of the U.S. Government for its small "world cars," which are to be launched in the U.S. and Europe this autumn.
The Environmental Pro-

tection Agency said it would tection Agency said it would give Furd an extra year in meet lits current carbon menoxide emission standards for the 1.3 and 1.6 litre engine fer the oew car. Ford has asked for two years' grace.

Although the bulk of previous walvers has gone to companies such as Chrysler and American Motors, which and American Motors, which are financially weak, the agency said its decision on Ford had not been releted to analysis of Ford'e current

The agency did. however. the agency did, however, disallow a request for a waiver from General Motors for its new eight-cylinder engine. Both Ford and GM have other requests pending. Ford told the agency that it was incapable of meeting the EPA standard in its first year of production of the new cars, which are to be sold-under the Escort name.

Citicorp recovery Citicorp, parent of Citibank, second largest bank in the

second largest hank in the world, expects net income in the remaining quarters of 1980 to be substantially better than that in the first quarter, according to Mr. Walter B. Wriston, chairman. He said the sharp drop in Citibank's cost of moocy will be extremely beneficial. Reuter reports from New Orleans. In the 1980 first quarter, not income was \$77.5m against \$124.3m in 1979's first quarter. Whittaker surge

Whittaker Surge
Whittaker, whose interests
range from metals and
chemicals to bealth care and
power boat manufacture,
boosted second quarter earnings from \$11.38m or 80 cents
a share to \$16.11m or \$1.10 a share, AP-DJ reports from

market than the Scandinavian little changed on the day after unchanged yesterday as the Bank issue. recovering earlier losses on Swiss Government announced Sterling Eurobond prizes weaker overnight indications another tender issue in the firmed strongly in afternoon from New York domestic market of SwFr 250m trading yesterday after Mrs. The new Pemex issue, whose market than the Scandinavian Bank issue.
Sterling Eurobond prices firmed strongly in afternoon trading yesterday after Mrs. Margaret Thatcher, the Prime Minister, announced that the rebate on Britain's EEC budget payments would reduce the public sector borrowing requirement and thereby help to lower.

ment and thereby help to lower points interest rates.
This was taken bullishly by the bond market, although some

Germany sets terms for

repayment of Young Loan

over the correct amount pay bolder abould therefore receive.

These ordaiced that repay the Loodoo Agreement asking ment he calculated in the "least" them to take "appropriate steps".

depreciated " of the currencles to resolve the questions over re-

io which the original loan had payment terms arising from the

has since majotained that "least" change rate system.

dealers also voiced concern at the simultaneous fall in the This is a \$50m, five year bullet issue for IBM Canada with a coupon of 10; per ceot and issue price at par, it is being managed by Wood Gundy, Morgan Guaranty and Salomon Brothers International.

BY NICHOLAS COLCHESTER

THE West German Government

has announced repayment terms

for the Young Loan-a \$300m

multi-currency bond floated in

Western countries for Germany

repayment—\$166.12 for each

\$100 of face value—may well IMF; prove insufficient, according to 1978, the trustee for the loan, the

in 1930. But the terms for the

Bank for International Settle-

June 1, 1980 and the argument

able derives from the somewhat

recegotiated for the bond at the Loodoo Debt Agreement in.

been extended. West Germany

meots.

The

114 per cent coupoo was a point higher than expected, met with a reasonably good reception. It was quoted in the grey market at a discount of 1

in thin trading. The market was disappointed by terms of the new DM 15bn 10-year Federal A new issue was also and tic market which carries a councillated in the dollar sector, pon of 81 per carries a council is a \$50m, five was a hour carries a council in the dollar sector. pon of 81 per cent and issue price of 1004. This is seen as an indication by the Bundes-bank that it wants to avoid an interest rate slide in Germany. Many dealers had hoped for a

lower coupon.

Prices on the Swiss franc Dollar Eurobond prices closed secondary market were virtually

depreciated" applies to Interna

tional Monetary Fund (IMF) parities. Some bond holders in-

sist that the clause means least

depreciated in terms of gold,

and they have pursued their case with renewed zeal since

IMF parities were abolished in

These bond holders claim that

the Swiss franc should be re-

garded as the least depreciated:

currency and that each bond

The BIS said recently that it

might make a further approach

to the Governments involved in

emergence of a floating ex-

\$258 per \$100 of face value.

44 per cent 10-year bonds.

Morgan Grenfell (Switzer-land) is launching a private placement of SwFr 30m for the

Central Figance Company of Japan The five-year paper offers a coupon of 61 per cent with In the DM sector foreign interest paid semi-annually to bond prices shed about 1 point, yield 6.22 per cent and is oncooditionally guaranteed by the Tokai Bank.

Following the recent success on the Luxemboorg franc market of the Swedish Investment Bank, Paribas (Larrembourg) is to lead manage a Luxf7 250m private placement for the Belgian armameots Fabrique Nationale. At 121 per cent the bonds yield a full point more than the Swedish issue and

#### Finer terms for European bond issues

By Our Financial Staff

THE RECENT softening reflected in the terms of the latest bond market borrowings

A DM 1.5bn offered by the German Government over 10 years will carry a coupoo of 82 per cent which is a full 12 points below the coupon attached to a DM 800m issue

floated earlier this year.
Coupon on the latest band auction by the Swiss Confeder ation has been fined down to ing which will raise SwFr 250m

The minimum tender price for the Swiss issue has yet to placing banks felt that an issue price of 100.25 may have been pitched a little too high.

#### FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond Issues for which an adequate secondary market 

U.S. DOLLAR:

STRAIGHTS

Alcoo of Australia 10.89

Australian Res. 98, 84

30

Benelicial Fin. 98, 87, 100

STRAIGHTS

STRAIGHTS

Benelicial Fin. 98, 87, 100

STRAIGHTS

STRAIGH Export In Name 114, 87 50Export Ov. Cpn. 194, 84 150
Export Ov. Cpn. 194, 87 150
Export Ov. Cpn. 124, 87 300
Export Ov. Cpn. 124, 87 300
Export Ov. By. 124, 85 75
Fodd O/S Fin. 124, 88 250
George Weston 134, 87 30
GE Finance 94, 89 55
GMAC 94, 88 100
GMAC 94, 88 100
GMAC 95, 88 100
GMAC 95, 88 100
GMAC 95, 87 11 184 100

114 C O/S Fin. 11 84 100

114 C O/S Fin. 11 83 100
Kennecof Int. 94, 85 100
Kennecof Int. 94, 88 100
Kennecof Int. 94, 88 100
Kennecof Int. 94, 88 100
Kennecof Int. 94, 89 100
Kennecof Int. 94, 89 100
Kennecof Int. 94, 89 100
Naw Brunawick 94, 94 75
Newfoundland, 10 36 50
Narway 32, 84 190
Narway 14, 84 190
Narway 14, 86 100
Sears Recbuck 9 82 150
SNCF 124, 85 50
Statoll 94, 88 100
Sweden 94, 86 100

BORROWER PROFILE

# Exploiting the bankers' search for quality

larket major international debtors as was set for the major international debtors as was set for the new time one which has not been afraid rising to 4 per cent for the Grence to get down to some brisk remaining seven.

nance Comp. been put off by mgn meden five year name, rates around the world. Sweden five year pare, rates around the world. Sweden the international creum markets for the per pare, is estimated by international in recent months. Yet there are some clouds on Sweden's horizon seems and roughly half its 37bn gross public sector foreign borrowing relies shows. y scaragied, quirement for 1980;

This does not include two prices and the country's embaurs in major financing operations curbridge in the country's traditionally high per capital section. The first is a \$200m issue import bill is expected to reach name a sub-roof notes and bonds in the 128 (Luxember of notes and bonds in the same SKr 27bn to SKr 28bn (25.4bn to \$6.6bn) this year. name a last Yankee market for which con (\$6.4hn to \$6.6bn) this year. cement. Yankee market for which con (\$6.4hn m \$0.000) this ditions will be set early next. This will be more than double stions. Week. The second is a \$350m the 1978 figure of SKr 13hn and nds yield a syndicated Eurocredit for which well soove last year a spected he Sanda a Chase Manhattan is acting as The higher oil bill is expected he Sand agent

underline the traditional high some SKr 18bn from last year's standing of Sweden as a borrow- SKr 10.89n and bankers expect further supported by the ing country. The margins have the deficit to be somewhat decline in foreign exchange been set at \$ per cent over higher still in 1981. been set at i per cent over Libor for the first four years. rising to I per cent thereafter. The Government estimates that unrest which paralysed the some 12.5 per cent this year country in early May, Sweden has thus obtained terms roughly ments in both the public and private sectors which will push

Sweden is, of course, able to of SwFr 300 while many countries have benefit from the "flight into mance Com been put off by high interest quality" that has characterised

agent to push the current account balance of payments deficit in

Meanwhile, inflation is rising. Notwithstanding the labour consumer prices will increase by \$800m credit raised in the average wages up by some 11 figures show its total borrowings tapped the Eurodollar bond less uninterrupted account of 1979. This was a per cent this year. In 1979, from international banks at the market as well as the Swiss and through the rest of the decade.

size of the Government's budget deficit. In the 1980/81 fiscal year this is projected at SKr 57.88bn on outgoings of SKr 206.34bn and receipts of SKr 148.46bn compared with an estimated shortfall of SKr 48.6bn in the 1979/80 fiscal

year which ends on Jime 30. These figures point to a country which is living beyond

Sweden could be said to be living beyond its means but at the same time the nation is acutely conscious of the need to maintain its credit standing

its means. Such a notico is at end April from SKr 12.1hn at the end of 1979 and SKr 15.8bn in December 1978.

Moreover, Sweden already has a very high level of per capita foreign debt. Latest Bank for International Settlements figures show its total borrowings

ernment

Inder is a SWEDEN STANDS out among 10-year credit and a i margin consumer prices rose only 7 per end of last year stood at German capital markets and the larket of a major international debtors as was set for the first three years cent.

A third major problem is the 8.3m this gives gross per capita. A large amount of borrowing is 8.3m this gives gross per capita A large amount of borrowing is commercial debt of \$1,370. The conducted in private placement corresponding figure for Brazil form with details rarely reachis \$307 on total bank borrowings iog the Press. of \$36.86bn and a population of

> bowever, seem to be aware of levels. this danger. It has already and further restrictive budget- SKr 13bn tn SKr 17bn this year, annonneed later this year.

At the same time the National nf the need to maintain the country's credit standing. It is known in the banking com-munity as a hard bargainer usually manages in ohtain very favourable terms for national borrowings.

One reason for its success is tapped. Besides the Yankee end syndicated credit markets. Sweden has also this year

Whether Sweden will continue to be successful as a top The question thus arises as to rated borrower will depend at whether Sweden is nn the least in part on its efforts at slippery slope down which Den-structural reform of the mark is already said to be economy. This means in essence sliding into what Denmark's either reducing imports and central bank governor has energy consumption or expanddescribed as an "economic ing the industrial base to abyss." The Government does, sustain them at their present

The Yankee prospectus shows introduced proposals to curh that the kingdom expects to budget expenditure in 1980-81 borrow in its own name some ary measures are expected to be of which about SKr 6bn was completed in the first four months. This brought the Gov-Deht Office is acutely conscious ernment's own external debt to SKr 26.28bn.

In addition, State guaranteed external debt at the end of last year amounted to SKr 10.16bn. As far as amortisation and interest payments are concerned there is a large hump in 1984 when Sweden faces deht the diversity of the markets service charges on its own external deht of SKr 6.2bn. Thereafter there is, on the hasis of end-1979 figures, a more or

#### Modest growth at Spanish banks

By Robert Graham in Madrid

SPAIN'S TWO biggest commercial banks, Banesto and Central. have shown a modest growth in profits for 1979. Banesto's pre-tax profits were

p 5 per cent to Pta 9.9bn (\$141m) while Central's pre-tax profits rose 2.4 per cent to Pta 8.2bn. After provision for tax, Baoesto declared profits of Pta 7.5bn, up 7 per cent, and Central profits of Pta 6bn, up 4 per cent

In both instances the tax prothan the previous year, mainly the result of changes in tax legislatinn

Growth in profits would have heen more sluggish but for income accruing from higher interest rates and from commissinns, especially guarantees. Banesto's income from commissinns and nther bank charges was up 104 per cent, and that of

Central by 138 per cent.

Both hanks also reflect the major impact in 1979 of Bank of Spain regulations instituting stricter accounting provision for portfulin investment and doubtful dehts. Banesto has set aside Pta 8.4hn to cover doubtful dehts, an increase of 164 per cent, plus a further Pta 1.8bn for portfolio writedowns. Central bas increased its provision for doubtful dehts twofold to Pta 4.5hn.

#### Strong advance by Krupp Atlas

By Jonathan Carr in Bonn

BREMEN-BASED Krupp Atlas-Elektronik, part of the diversified Krupp group, reports sales and orders sharply up in 1979 and buoyant husiness continuing into the first four months of this year.

All three main aspects of company activity, marine electronics, process data systems and defence material, are sald to have contributed

Sales last year rose by nearly one-third to DM 156m, incoming orders were up by 42 per cent to DM 331m, and orders in band at the end of December totalled DM 508m, a rise of 52 per cent

against a year earlier. The company plans DM 24m investments this year after DM 26m in 1979. The labour force rose by about 300 last year AP-DJ to more than 2,000.

## Dividend possible after sharp recovery at Fokker

BY CHARLES BATCHELOR IN AMSTERDAM

FOKKER, the Dutch aerospace recently agreed. Such payments group, expects sharply higher only become necessary if profit aircraft sales this year, though lts profit forecast remains modest. The company said yesterday that it did not rule out paying a dividend this year for the first time since 1975.

The company, which is now operating independently following the completion of the split with its West German partner, VFW, bas already sold 24 F27s visinn was marginally lower and F28s compared with 27 in the whole of 1979. It has set itself a sales target of 90 aircraft in 1979-80.

Fokker made a net profit of Fl 4.8m (\$2.4m) last year nn sales of Fl 965m (\$483m). This compared with profit of Fl 200,000 in 1978 nn sales nf FI 822m. It achieved pro6ts of Fl 3.92 per sbare and a return

nn assets of 5 per cent.

The board indicated that the company whuld make a net profit of between Fl 5m and F1 10m in 1980. Profit will be at least nn the level of 1979 hut Fokker does not expect to make any payments to VFW as part of the "divorce settlement"

exceeds FI 10m.

Ùncertainties surrounding prospects for this year are currency fluctuations, rising fuel prices, the purchasing policies of airlines and international

political developments. Fokker expects to make investment commitments totalling Fl 50m this year and foresees that spending will continue at a high level for the next few years. This is needed to achieve the necessary expansion of its business and to make good investments put off in recent years because of the difficult period the company went through. Fixed asset ments were Fl 18m last year.

Finker plans in increase production levels of its turbo prop demand for the F28 a decision on raising production will be

left for the end of the year. The proposed F29 jet is taking more definite shape and is expected to be a 132 seater powered hy either a Rolls-Royce RB432 engine or the General Electric/Snecms CFM56.

#### French mail order group increases payment

BY TERRY DODSWORTH IN PARIS

LA REDOUTE, the French mail order company, has raised 1979 net pro6ts from FFr 39.1m to FFr 44.9m, after cutting out a number of loss-making foreign operations. Dividend is raised by 15 per cent to FFr 25 a share.

The improvement was based on a sales increase of almost 18 per cent from FFr 3.9bn to FFr 4.5bn. But the main factor the ternaround was undouhtedly the group's retreat from Belgium, where it sold

its subsidiary, Sartha, and from Spain, where its partner, Postalia, bought up its 50 per cent stake in the Venca Group. The liquidation of interests bas involved some special provisions, La Redoute

Parent company amounted to FFr 49.8m against FFr 44.5m in 1978, while cash flow rose to FFr 82.9m com- stake in Credit du Nord.

pared with FFr 79.2m. National Westminster Bank nf the UK has sold an indirect stake taken six years ago in Credit du Nord, a hank belonging to the French Paribas In exchange it bas taken a 2 per cent shareholding in Parihas itself. NatWest's sbareholding in the

Paribas group holding company. Compagnie Financiere de Paris et des Pays-Bas, made up of blocks of shares acquired with the help of the French concern. is valued at about FFr 70m (\$16.7m) and roughly equivalent to the value of its disposed 20 per cent stake in Union Financiere et Bancaire (UFIBA), the company through which Parisbas controls Credit du Nord, a commercial bank hased in Lille. NatWest is retaining a separate 5 per cent

# to expand U.S. offshoot

BY OUR AMSTERDAM STAFF

being formed in the U.S. by the Dutch property group Wereldhave could have an ultimate portfolio of \$500m.

Something like two-fifths of this total would be financed -from Wereldhave's own resources, the company says. In an initial injection of new snance, up to \$65m is being raised by a placing of West World shares in Amsterdam; starting tomorrow.

West World is to be managed by Interned Services, a joint company set up by Werennave and its U.S. pariner, Westland brokers, Kempen en Co. Utrecht Hypotheekbank. West Private investors will be offered up to 2,000 shares with offered up to 2,000 shares with The new shares in West World will not bave a stock Wereldhave itself will take up

the last real estate investment trust pected on the shares

Van Dijk, the company's chairman. Westworld will invest solely in rented office buildings in the large U.S. cities.

and Pierson. Nederlansche

Wereldhave's share in the new company will be flexible but it will not fall below 35 per cent allowing the company to maintain a leading position in its management, says Mr. Willem

The share placing, which will be between 5,000 and 10,000 shares at \$10,000 each, will be handled by Pierson Heldring

preference being given to existing shareholders in Wereldhave.

## Wereldhave reveals plans | Sprecher moves into the red

BY JOHN WICKS IN ZURICH

SWISS electrical engineering in new-order value by 1 per cent Insurance Company is to pay group, Sprecher and Schuh, bas in 1979 to SwFrs 478m (\$288m) SwFr 154.5m (\$93.63m) into the dipped into the red for 1979 and and by as much as 13 per cent insured's profit-sharing fund, will not pay a dividend.

Sales fell by more than 5 per cent to SwFr 454m and the company ran np a loss of SwFr 4m (\$2.4m) compared to net profits in 1978 of SwFr 3m. This year new orders and

sales are moving no but Sprecher suspects that trading background will improve sufficiently to lift it ont of losses. Shareholders are told not to expect an early return to dividends. The sharp move into losses

is attributed by the company to the failure to reach turnover and production targets, while it was not possible to realise a hopedfor improvement in profit margins with new orders. Sprecher has launched a pro-

in an annual comparison for the which thus rises to SwFr 333m. first quarter of this year. Elsewhere in the Swiss

Winterthur, the Swiss insuring insurance industry Swiss Re-

ance company, is raising its insurance expects its re-insur-dividend from SwFr 43 a share ance premium income to have to SwFr 46 for 1979. Profits sible by a fall in claims. Investment earnings were also "satis-

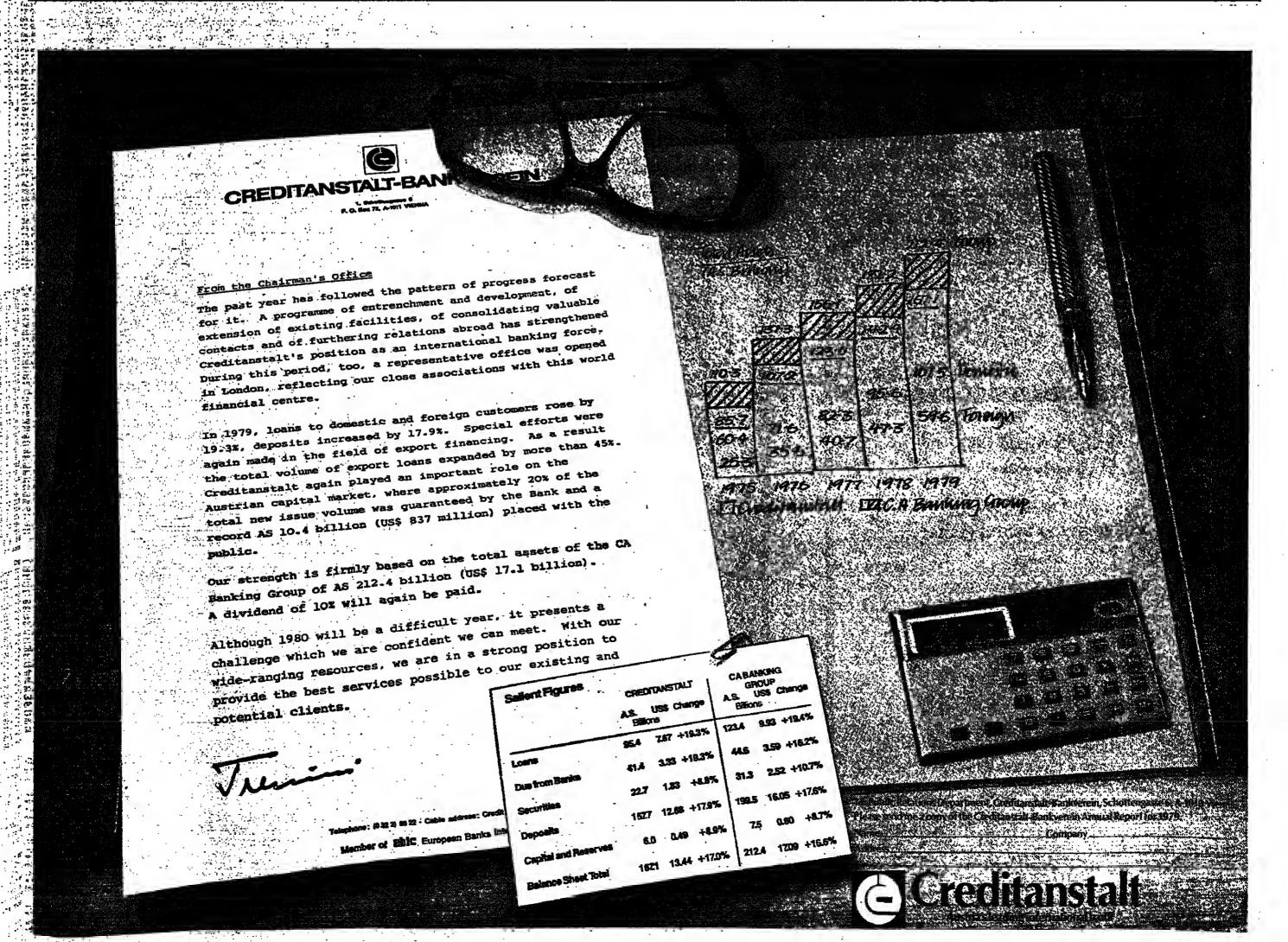
The affiliated Winterthur Life exchange rates.

risen hy some 10 per cent for rose by SwFr 6m to SwFr 60.4m 1979. In a letter to share-(\$36.6m) with an improved bolders, the company compares bolders, the company compares underwriting result made pos- this estimated growth rate with a 1978 rise of 7 per cent and attributes the improvement primarily to more favourable

#### **Industrie Buitoni sales rise**

toni Perugina broke even for the fourth year running. the second straight year in 1979 after setting aside L8.4bn rose 18.6 per cent to L488bn. (\$7.6m) for depreciation, Exports rose 23.6 per cent to market listing but the placing at least 3,500 shares of this gramme aimed at improving against L3.3bn previously. The L41.2bn while turnover of banks will "maintain a market," issue and will ultimately inprofitability. It sees a rise in company, one of the largest foreign subsidiaries rose 22 per 35y 1981, a return of between 6 crease its holding to 7,000. sales in 1980 following a rise Italian food and confectionery cent to L227bn. AP-DJ

PERUGIA - Industrie Bui- groups, will not pay a dividend



## Setback for Hindustan Aluminium

All of these securities having been sold, this announcement appears solely for purposes of information.

\$150,000,000

Security Pacific Corporation

10.75% Notes Due 1984

The First Boston Corporation

Bear, Stearns & Co.

Donaldson, Lufkin & Jenrette

Atlantic Capital

Daiwa Securities America Inc. EuroPartners Securities Corporation Robert Fleming Kleinwort, Benson

The Nikko Securities Co.

Lehman Brothers Kuhn Loeb

Shearson Loeb Rhoades Inc.

Keefe, Bruyette & Woods, Inc.

reported a 6.3 per cent decline in pre-tax profits for 1979 to Rs 105.8m (\$13.48m) from Rs 112.5m a year earlier. Profits dividend, however, is main-112.5m a year earlier. Profits fell despite a 30.2 per cent rise in sales (net of excise duty) to Rs 822.8m (\$105m) from Rs

Hindalco, a Birla company, is one of the two private sector aluminium producing companies in the country. New aluminium plants are allowed only in public sector. The lower profit margin resulted from an increase in the cost of production caused by higher prices of inputs, while the price of aluminium, which is controlled by the Government, was pegged Having failed to persuade the the Calcutta High Court for a

NEW ISSUE

Morgan Stanley & Co.

**Bache Halsey Stuart Shields** 

E. F. Hutton & Company Inc.

M. A. Schapiro & Co., Inc.

Warburg Paribas Becker

ABD Securities Corporation

**New Court Securities Corporation** 

Yamaichi International (America), Inc.

Nippon Kangyo Kakumaru International, Inc.

Dillon, Read & Co. Inc.

Lazard Frères & Co.

Salomon Brothers

tained at 12.5 per cent.

Aluminium ingot output rose

by 18 per cent to 77,810 tonnes from 65,979 tonnes. The company has an installed capacity of 100,000 tonnes but could not utilise it fully because of a reduced power supply from the Government - owned power generation and distribution system. Hindalco's own generator could only partially fill the gap. Construction work on two additional units of 67.5 MW each, imported from Poland, is in progress and will be ready

Hindalco has applied for overnment permission to Government installed capacity to 120,000 tonnes of primary metal, for which the company

Goldman, Sachs & Co.

ALUMINIUM After providing for depre- internal sources. The company controlled by the Government (Hindalco) has ciation and other provisions, has also sought Government. The company's order book is permission to expand fabrication plant.

The company is negotiating with Kaiser Aluminum and the Government of India revised terms for the disposal of Kaiser's shareholding in the company. Kaiser, which has expressed a desire to pull out of India, is prepared to abide by the Government's require-

LAKSHMI MACHINE WORKS, a major textile machinery concern based at Coimbatore in South India, has reported a 17 per cent rise in its turnover to Rs 292.85m (\$25.8m) in 1979 from Rs 250.33m a year earlier, and a 26 per cent rise in gross profits to Rs 38.34m (\$4.9m) from Rs 30.45m. The growth rate would have been faster but for the cuts ranging from 40 per cent in the supply of per cent in the supply of electric power, generation and distribution of which is

Merrill Lynch White Weld Capital Markets Group

Dean Witter Reynolds Inc.

**Drexel Burnham Lambert** 

Kidder, Peabody & Co.

Wertheim & Co., Inc.

**Basle Securities Corporation** 

Sanyo Securities America Inc.

Blyth Eastman Paine Webber

L. F. Rothschild, Unterberg, Towbin

Smith Barney, Harris Upham & Co.

Nomura Securities International, Inc.

New Japan Securities International Inc.

because of demand for textile machinery produced in collaboration with Rieter of Switzerland, and the backing of its own laboratories. It produces, among others, ring frames, carding engines, draw and speed frames,

and combers. The buoyancy in the textile industry has resulted in an investment boom in the industry. This has been spnrred by the Government's scheme to give loans at the concessionary interest rate of 7.5 per cent for the modernisation and rehabilitation of the textile mills.

Profit margins have improved considerably for Lakshmi Machine. Profit after tax and depreciation registered an increase of 32.2 per cent to Rs 24.65m, from Rs 18.66m. The company proposes to modernise its foundry and raise capacity from 6,000 tonnes to

May 16, 1980

Record earnings for MEA in 1979

MIDDLE EAST AIRLINES (MEA) the Lebanese national carrier has announced record operating profits of more than L£51m (\$14.9m) for 1979 comwith the profit forecast made in early 1979 of only

The MEA chairman, Asad Nasr, said that the success resulted largely from the relative stability of Lebanon in 1979 compared with the heavy fighting which plagued Beirut and the rest of the country in

In that year, MEA lost LE6m from an operation grossed L£527.7m.

But despite rising fuel costs the fleet of ageing Boeing 707s and 720s, nneconomical to run by modern standards, netted a profit of L£51.1m, from a ross revenue of L£702.2m.

Passenger revenues increased more than L£400m, while freight revenue jumped by almost L£10m to more than L£65m in 1979.

"The year 1979 provides a most gratifying demonstration of the privileged position which the travelling public had accorded MEA," Nasr told the AGM in Beirut, "this is well demonstrated by the resulting

Nasr sald before the meeting that profits for 1980 are expec-L£ 30m. Profits for the period from mid-February to April of this year bad already dropped 7 to 8 per cent because of whole. But he measures the success of the airline during periods of upbeaval. "Our ability to react under adverse conditions is far better for us than our ability under fayour-able conditions."

#### Advance at All Nippon **Airways**

By Charles Smith, Far East Editor, in Tokyo

ALL NIPPON Airways, the leading domestic Japanese air leading domestic Japanese air carrier, reported a 95.3 per cent cut in operating profits to Y443m (\$2m). After-tax profits were down by 47.9 per cent to Y1.93bn.

Profits fell despite a substantial rise in turnover of 15.9 per cent to Y307.8bn but the company was unable to

the company was unable to absorb sharp rises in operating

An increase in domestic air ways requested last year took effect only at the beginning of March 1980 and thus bad little impact on the year's results. ANA expects improved re-sults in the coming year on the assumption that fuel prices will stabilise while domestic air fares will be higher. ANA forecasts turnover for the year at Y421.5bn. Operating and net

profits are estimated at Y7.6bn and Y3.8bn, respectively.

## Domestic car sales boost profits at Suzuki Motor

and sub-compact cars has reported buoyant profits for fiscal year ended March, following a sharp rise in domestic sales of subcompact cars triggered by the cut in Iranian oil supplies, and with exchange gains stemlepreciation.

Suzuki's operating profits advanced by 44.2 per cent to a record Y10.86bn (\$48.6m) and net profits reached Y4bn, up 16 per cent. Profits per share in-

Y345.1bn. The company sold 1.2m motorcycles, of which exports accounted for 68 per cent, and subcompact car sales reached 367,368 units, of which domestic sales accounted for 85

Motorcycle exports increased in value by 8.3 per cent to For the current fiscal Y10.6bn and subcompact car further strong domestic des exports gained by 49 per cent

Earnings suffered from an increase in depreciation; from

SUZUKI MOTOR, Japan's lead creased to Y16.68 from Y14.38. Y6.3bn of cost rises and from Sales rose by 27.1 per cent to an increase in labour cost resulting from the yen's de ciation; and by Y1 250

> For the current fiscal rea pension of Iranian oil exports

LIBERTOF COMP	ANY RESULTS FOR	VEAD TO:M	LADOR 21
JAPARESE GUMP	WWI UFORFIO LAU	STATE TO W	WILD BANK

	Net profits Sales			
	1979 1978 1979 1978			
Company	Business Ybn Ybn Ybn 27The.			
Mitsubishi Chemical Inds. Misui Toatsu Chemicals Takeda Chemical Inds.	Chemicals 9.48 2.00 914.98 73071 Chemicals 9.06 1.13 405.97 38444 Pharmaceuticals 16.43 13.69 420.32 373.01			
C. Itoh and Co. Marubeni Corporation Nissho-lawai Company	Trading         2.73         2.23         3.860.00         \$550.00           Trading         9.56         4.41         8.390.00         6.270.00           Trading         4.37         2.95         5,770.00         4,180.00			
Ohbayashi-Gumi Sekisui Prefab Homes Taisei Corporation	Construction         4.800         4.29         543.44         472.22           Construction         12.84         11.88         372.11         30657           Construction         48.64         7.69         652.75         654.83			
Mitsubishi Estate Mitsui Real Estate Devt.	Property 12.94 10.58 125.60 112.07 Property 4.68 4.24 150.33 130.31			
Toyko Electric Power	Electricity and gas33.52* -82.57 2,040.00 1,220.00			
Maruzen Oil	Oil production 6.14 0.72 1,440.00 679.23			
Fuji Heavy Industries	Heavy indus. & shiphuild'g, 5.36 4.68 408.91 371.02			

US \$20,000,000

Short and medium term facility

## Libinvest Holdings S.A.

Managed by:

Banque Arabe et Internationale d'Investissement: (B.A.I.I.)

Crédit Commercial de France

Provided by

Banque Arabe et Internationale d'Investissement (B.A.I.I.) Banque Compafina

> Banque Nationale de Grèce (France). Banque Nationale de Paris (Suisse) S.A. Crédit Commercial de France

Banque Arabe et Internationale d'Investissement (B.A.I.I.)



#### **ELECTRICIDAD DEL PERU**

U.S. \$ 8,000,000 Seven Year Loan

BANQUE DE PARIS ET DES PAYS BAS

ARAB LATIN AMERICAN BANK — ARLABANK —

Banque de Paris et des Pays-Bas Atab Latin American Bank — ARLABANK Crédit Lyonnais Banque de l'Indochine et de Suez Banco Nacional S.A. (Brazil) New York agency -Banque Sudameris France

Banque de l'Union Européenne

Banque de Paris et des Pays-Bas





#### **CEMENTOS CATATUMBO**

Venezuela

U.S. \$ 20,000,000

Eight Year Loan

BANQUE DE PARIS ET DES PAYS-BAS

**ARAB LATIN AMERICAN BANK** -- ARLABANK --

Banque de Paris et des Pays-Bas Arab Latin American Bank — ARLABANK Banco de la Provincia de Buenos Aires Banco Arabe Español S.A. Banco di Roma (France) Société Centrale de Banque

Banque Franco-Yougoslave

Banque de Paris et des Pays-Ba





ANDELSBANKEN A/S Copenhagen.

U.S. \$30,000,000 Floating Rate Capital Notes due 1984

For the six months
4th June, 1980 to 4th December, 1980 the Notes will carry an interest rate of 1011 per cent per annum.

The Notes are listed on the Luxembourg Stock Exchange By Morgan Guaranty Trust Company of New York, London

COMPANY NOTICES

NOTICE To Noteholders of U.S. \$75,000,000

Federal Business Development Bank 121% Notes due May 15th, 1985. Please be advised the Exchange

Date for this issue will be August 20th, 1980

هكنامن المعمل

## CURRENCIES, MONEY and GOLD

of exemple

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426.32

8.350.00 8.390.00 5.770.00

543.44 372.11

65275

5.3÷0.00 €

1,440.30

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npant certifi

## Sterling falls

foreign exchange trading fol. DM\$2.97; the Belgian franc to lowing indications from the DM\$6.246 per 100 francs from Prime Ministers that the reduce DM\$6.246; the Dutch guilder to tion in Britain's payments to the DM\$1.02 per 100 guilder from Common Market should help to DM\$1.02 and the Irish pot to reduce domestic interest rates. DM\$3.7150 from DM\$3.7250. Sterting fell to DM\$4.1640 from DM\$2.3350, and touched a peak of \$2.3445-2.3460 in the afternoon, but then plunged to a low of france within EM\$5 following \$2.2870-2.2890 on the statement to Parliament by Mrs. Thatcher. Dealing spreads widened to around 50 points in very nervous trading, but narrowed somewhat at the close when sterling was fixing, but was unchanged at at the close, when sterling was quoted at \$2,3030-2,3050, 9 fall of 3.35 cents on the day. The pound's trade-weighted index, as calculated by the Bank of England, fell to 72.9 from 74.2, after standing at 74.1 at noon and 74.0 in the morning.

in the morning.

The dollar's index, on Bank
of England figures, was unchanged at 842. The U.S. unit eased slightly against most major currencies, in fairly doll trading finishing near its lowest level of the day. It declined to DM 1.7755 from DM 1.7815 against the D-mark; to SwFr 1.6550 from SwFr 1.6550 from frame; and to Y222.50 from Y222.50

DEUTSCHE MARK—Showing renewed strength against the dollar, and steady within the European Monetary System, following firmer rates in Frank-furt and lower U.S. interest rates - The Deutsche Mark showed mixed changes at the Frankfurt fixing improving against most of its EMS partners, but losing ground to the dollar and Swiss franc. The U.S. currency rose to DM1.7826 from DM1.7743 without any intervention by the Bundesbank, while the Swiss franch was fixed at 1.07364 The Italian lira was unclear the year recover—The dellar in hanged at DM2.125 per 1.000 calm Tokyo trading, with the ira, but among other EMS curveies the French franc eased from Y222.50.

Sterling fell sharply in late to DM42.95 per 100 francs from foreign exchange trading fol DM42.97; the Belgian franc to lowing indications from the DM62.46 per 100 francs from

fixing, but was unchanged at BFr 16.01 against the Doutsche Mark. The French franc fell t BFr 6.8765 from BFr 6.8865; th guilder to BFr 14.5695 from BFr 14.5785; and the lira t BFr 3.406 per 100 lire fro BFr 3.4087; Outside the EM the dollar rose to BEr 28.527 from BFr28.39 and sterling fel to BFr 66.6875 from BFr 66.835

member of EMS, after rising the top of the system most of last year. The limproved against most EMS cu rencies at the Milan fring although the Deutsche Mar to L470.04 from L489.70. The French franc eased to 1201.95 from 12025 the Dutch guilder to L427.70 from L427.77 the Danish krone to L450.88 from L151.21; and the Irish pu o L1,747.50 from L1,748.50. Outside the EMS the dollar rose to L837.80 from L833.05 and the Swiss franc to L504.35 from

JAPANESE YEN-Energy and balance of payments problems reflected in sharp decline last year. More recently lower U.S. interest rates have helped the

#### EMS EUROPEAN CURRENCY UNIT RATES

Currency % change amounts from % change emounts from % change emounts from % change emounts from divergence lume 3 rate divergence	Divergence
2elgian Franc     39.7897     40.3229     +1.34     +0.43       Carrian D-Merk     7.22336     7.84015     +1.51     +0.60       German D-Merk     2.48208     2.51767     +1.43     +0.52       French Pranc     5.84700     5.86247     +0.28     -0.63       Dutch Guilder     2.74362     2.78678     +0.84     -0.07       Irish Punt     0.568207     0.577491     +1.39     +0.48       toilan Lire     *157.78     1183.74     *72.24     +1.83	±1.64 ±1.125 ±1.3657 ±1.512 ±1.668
Changes are for ECU; therefore positive change denotes a	±4.08

#### THE POUND SPOT AND FORWARD

•	June 3	epre2d	Closa	One month	p.s.	months	p.a.
	IJ.S.	2.2870-2.3480	2.3030-2.3050	1.37-1.27c pm	88.8	3.37-3.27 pm	5.78
	Caneda.	2 6580-2.7250	2.6735-2.6755	1.05-0.90c pm	4.37	3.15-3.00 pm	4.60
•	Nethind.	4,49-4.59	4.491, 4.501,	21-11-c om	5.33	By-5'y pm	6.22
9	Belgium .	68:20-58.80	66,45-66.55	15-5c pm	1.80	30-20 pm	1.50
ì	Denmark	12.71-12.89	12.711-12.721	25-4 vore dis	-3.30	714-9 dis	-2.54
•	Ireland	1,0980-1,1220	1.0990-1.1010	0.04-0.01p pm	0.27	0.25-0.20 pm	0,82
•	W. Ger.	4.08-4.18	4.084-4.09%	3°-2°-pt pm	7.70	8-7 pm .	7,33
•	Portugal	112.75-114.75	112.85-113.15	par-40c dis	-2.12	par-120 dis	-2.12
٦.	Spein	161.40-183.60	181,45-161,55	15c pm-35c dis	0.74	20-96 dis	1.44
-	Italy .	1,922-1,957	1,923-1,924	14-34 lire die		10-13liredis	-2.39
[	Norway	11.20-11.50	11,201-11,211-		4,98	145-13's pm	4.96
	France	9.54-9.70	9.55-9.56	414-314c pm	4.71	914-814 BM	3.66
	Sweden '	2.64-9.81	2.64712.657	21-22-ors pm	3.03	6-5" pm	2.36
	Japan	510-526 ·	312-313	1.80-1.55v pm	3.92	5.20-4.95 pm	3.96
5	Austria	29.20-29.80	29.20-29.25	19-18gro pm-	7.19	50-44 pm	8.43
•	Switz	3.20-3.89	3.81-3.82	4-3'sc pm	11.40	104-94 pm	10.62

Seiglen rate la for convertible francs. Financial franc 65.40-56.50 Six-menth forward dellar 305-5.55c pm, 12-menth 2.70-8.50c pm,

#### THE DOLLAR SPOT AND FORWARD

June 3	Day's Spread	Close	One month	p.e.	Three	%. p.e.
ÚK†	2.2870-2.3460	2.2030-2.3050	1.37-1,27c pm	6.88	3.37-3.27 pm	5.76
fboolen	2,0835-2,0920	2.0900-2.0920	1,34-1,24c pm		3.60-3.45 pm	
Cenada	1.1593-1.1822	1.1611-1.1814	0.20-0.25c dis	-1.67	0.34-0.39dia	-0.90
Nathind.	T.9530-1.9605	1.9530-1.9545	0.10-0.20c dis	-0.92	0.22-0.32die	-0.55
gela lum	28.43-28.565	28.43-28.45	12-14c dis	-5.48	30.33 dis	-4.43
Danmark	3.5250-5.5890	3.5450-5,5460	4.60-5.70credis		11.7-11.2dls	-9.25
W. Ger.	1.7740-1.7850	1.7750-1.7780	0.06pf pm-0.02di	0.20	0.30-0.20 pm	0.58
Portugal	49,00-49:15	49.00-49.15	30-45e die		75-125 dia	-8.15
Spain	69.85-70.15	69,90-69,95	30-50c dis	-5.86	105-135 dls	-6.86
taly	835,25-838,20	838.25-836.75	5.50-6.50 lire dis			-2.31
Verway	4.8690-4.880	4.8630-4.8700	0.30-0.30ore dia		0.40-0.90dia	-0.53
галса	4.1400-4.1635	4,1476-4,1500	0.72-0.82c dis	-2.23	2.00-2.20dis	-2.02
Sweden	4.1890-4.1965	4.1890-4.1900	1,35-1,50ere dia			-3.85
Japan '	222.35-223.60	222.45-222.55	0.60-0.70y dis	-3.23		-2.07
Austria .	12.6775-12.73	12.68-12.69	0.15gropm-0.45d	-0.14	1.40pm-0.35d	a 0.27
Switz.	1.8540-1.6640	1.6545-1.6555	0.71-0.61c pm	4.78	2.12-2.02 pm	5.00

discounts apply to the U.S. dollar and not to the individual currency.

**CURRENCY RATES** 

#### **CURRENCY MOVEMENTS**

June 3		Morgen Quaranty Changes %	June 2		Special Orawing Rights	
Ing dollar dolla	115.5 156.3 198.2 125.1	-52.7 -2.2 -15.8 +93.5 +14.2 -4.6 +44.9 +78.7 +19.4 -3.2 -50.9	Sterfing	12 11,83 63, 14 16 74 10 94, 16	15.6713 37.3954 7.25466 2.36649	1.49140 1.64616 17.9960 40.6337 7.83194 9.53015 9.76719 15,86914 1183,69

OTHER CURRENCIES

June 3	· · £			Note Rates
Argentina Peso	4244-4254		Austria	29,55-29,96
Australia Dollar	2.0110-2.0160	0.8743-0.8747	Belgium	57.15-67.76
Brazil Cruzeiro	117.9-118.8	30,61-50,81	Denmark	12.91.12.99
Figiand Markka	8.44-8.46		France	9,52-9.68
Greak Drachma			Oermeny	4,145-4,1760
Hong Kong Dollar		4.0100-4.0160	Italy	1919-1970
ran Rial	D/a		Je pan	319-524
Kuwait Dinar(KD)			Netherlands	4,55-4.68
Luxembourg Fra.			Norway	11.34-11.42
Malaysia Doller	4.98-4.995	9.1540-2.1360	Portugal	112-113.0 0
New Zealend Dir.		1,0168-1.0178		169,25.163.5
Saudi Arab, Riyal.			Swaden	
Singapore Dellar.			Switzerland	3.86-3.89
th. African Rand			United States	1910-1970
J A.E. Disham			Yug saleyla	48,50-52,00

Rate given for Argentine is free rate

#### **EXCHANGE CROSS RATES**

•	June 8	PoundSterling	U.S. Dollar	Deutschem'k	Jepan'seYon	FrenchFranc	Swiss Franc	OutehGulld'	Italian Lira	Canada Oollar	Selgian Franc
:	Pound Sterling U.S. Dollar	0.484	2.504	4.023 1.778	212.5 222.4	9.555 4.147	8,813 1.656	. 4,500 1,953	1994 834.8	9,573 1,161	65,30 99,86
	Deutschemurk Japanese Yen 1,000	0.244 1.951	0,563 4,496	1. 7,985	. 126.9 1000.	2.835 18.64	0.939 7.444	1,100 8,780	470.0 . 3753.	0.654 6.219	18.25 129.8
	French Franc 10 Swiss Franc	1.047 0.262	9,411 0,604	4.283 1.073	536,4 134,3	10. 2,505	6.993	4.710 1.180	2013. 604,8	2,799 0,701	69,50 17,43
. '	Dutch Guilder Italian Lira, 1,000	d.222 0,520	0.512: -1.198	0.909 2.128	113.9 266.4	2,125 4,969	0,848 1,983	1. 2,382	427.4 1000.	0,594 1,390	14.78 34,57
	Canadian Dollar Belgian Franc 100	0,374 1,504	0.861 3.465	- 1.530 6.154	191.6 770.7	6,573 14.57	1,426 6,737	1,683 6,767	719.2 9892,	4.022	24.86 100,

#### Target 1985年 1986年 1

FT LONDON INTERBA	NK FIXING (11.00 a.m. J	UNE 3)		
	.5 month U.S. dollars		motic means, rounded to the neers flor quoted by the market to five reli	
bid 10 7/12 offer 10 8/16	bid 10.7/18 offer 10 8/16		benke ere National Westminster Son Nationale de Parie, and Morgan Gui	

Rates for June 2 should have read; three-month, bld 10 m offer 10 m; elx-month bid 10 m offer 10 m.

#### EURO-CURRENCY INTEREST RATES (Market Closing Rates)

The state of the s	TOTTE (MARIEO	· Orocing I			··		
 June 3 Sterling U.S. Dollar	Canadian Dollar Dutch Gul	ider Swiss Franc	West German Mark	French Franc	Italian Ura	Asian \$	Japanese Yan
 †Shert term	111-111 111-111 124-134 111-111	4410	984-974 234 974 914-915 9-914	124-124 124-124 126-124	141 <sub>2</sub> -161 <sub>3</sub> 15-161 <sub>3</sub> 18-191 <sub>4</sub>	114-114 1075-11 104-1036 104-1036	15-164 13-6-1679 18-2-13-4 12-4-12-4
Three months 1678-1778 1056-1056 6ix menths 1678-1586 1056-1056	11 4-11 11-111 10 1-10 10 105-107	2 64 56s.	9.81	1256-1978 1266-1279	18-19 184-194 18-91	101-1068 10A-104	1114-1175 216-336

The following nominal rates were guoted for London dollar certificates of deposit: one-month 10°s-10°s per cent; three-months 10°s-10°s per cent; one year 10°s-10°s per cent; three-months 10°s-10°s

#### INTERNATIONAL MONEY MARKET

## Belgian rates ease

Interest rates in Brussels continued to decline yesterday with there may be a further injection further cuts in short term Treadfunds by way of a new 30-day sury bill rates. Two and three pension facility, sury bill rates. Two and three-month bills were lowered to 15; month bills were lowered to 151 per cent and 15 per cent respectively from 151 per cent. The one-month rate was left at 151 per cent. Yesterday's hove was the second downward adjustment in less than a week, and since rates touched a peak of 171 per cent towards the end of March, Belgian interest rates have been organistly reduced in line with gradually reduced in line with rates in other countries. Yester-day's cut was also further indication of an easing of pressure on the Belgian franc within the European Monetary System, after the authorities had elected to protect the franc with record interest rate levels

In Frankfurt call money was exce quoted at 10.10 per cent men compared with 10.25 per cent on the Monday, but was still well above the Lombard rate of 91 per cent. Banks are expected to resort more to the Lombard facility later in the month, as liquidity levels start to decrease, with money drawn out by the start of

## **UK MONEY MARKET**

Day-to-day credit remained in good supply in the London money market yesterday, and the authorities absorbed funds for the third day running by selling a moderate amount of Treasury bills, direct to discount houses. The market was faced with a small net take up of Treasury bills to finance, but this factor was outweighed by a small excess of Government disburse-ments over revenue transfers to the Exchequer and banks bringing forward balances a

#### Lending Rate 17 per cen (since November 15, 1979) balances taken as low as 91 per In the interbank overnight loans opened at 16-16; per cent and eased to 16 per cent

moderate way above target at \$551-555. It opened at \$557-561, Discount houses were paying the highest level of the day, and around 151 per cent for secured was fixed at \$554.50 in the call loans at the start, with later

Gold fell \$5} in the London bullion market yesterday to close

quite quickly and then fell away

afternoon. The lowest point tooched was \$547-551. Trading

June 2

Gold Buillon (fine oungs

Gold Colne (£2461g-2481g) (£243.846) (£2601g-611g) (£75-77) (£751g-771g)

(£239-241) (£239-241) (4237,555) (4237,430)

> was quiet, In Paris the 121-kilo bar was fixed at FFr 75.700 per kilo (\$567.35 per ounce) in the compared FFr 75,950 (\$569.22) in and FFr 75,700 (\$570.85) Monday afternoon.

> In Frankfurt the 121-kilo bar was fixed at DM 31,700 per kilo (\$552.97 per ounce), against DM 32.215 (\$565.00) previously, and closed at \$551-554, compared with \$556-564. \$550-555 against \$560-565.

#### LONDON MONEY RATES

MONEY RATES	
NEW YORK	
Prime Rate	14-14-5
Fed. Funds	11-114 7.92
Treasury Bills (13-week)	8.13
Treasury Bills (26-week)	
GERMANY	
	7.5
Discount Rate Overnight Rate One month Three months	10.05
Ohe month	10.15
Six months	9,925
SIX MONTHS.	19.0
FRANCE	
PRANCE Discount Rate Overlight Rate	9.5
Overhight Rete	12.3125 12.375
One month	12.4375
Three months	12.3125
SIX-MORINE	
IAPAN	
ALCOHOLD	B. 0

#### 10-164 17-174 171<sub>0</sub> 15% 154-16% 17%-17% 16%-16% 1578 1714 1714 17 161<sub>2</sub> 153<sub>4</sub> 161<sub>4</sub> 171a 165a

rate nominally three years 15-15's per cent; four years 14's 16's per cent; five years 14's 14's per cent. OBank bill rates in table are buying rates for prime paper. Buying rates for leur-month bank bills 16's per cent; four-month trade bills 16's per cent. one torz per cent.

Approximate selling rates for one-month Treasury bills 15<sup>2</sup>m per cent; two-months 15<sup>2</sup>-15<sup>2</sup>m per cent; three-months 15<sup>2</sup>-15<sup>2</sup>m per cent; three-months 15<sup>2</sup>-16<sup>2</sup>m per cent; three-months 15<sup>2</sup>-16<sup>2</sup>m per cent; three-months 15<sup>2</sup>-16<sup>2</sup>m per cent; and three-months 16<sup>2</sup>-16<sup>2</sup>m per cent; and three-months 16<sup>2</sup>m per ce Finance Houses Base Rates (published by the Finance Houses Association) 17/2 per cent from June 1, ring Bank Deposit Bates for sume et seven days' notice 15 per cent. Clearing Bank Rates for landing 17 per 1997 Billian Average tender rates of discount 78.0608 per cent.

seven days' notice, others seven days' fixed. "Long-term local authority mortgage

## Degussa reports a good year

Chemicals sector rebounds. Metals sector up 28%

Degussa, a leading international chemicals and metals company. achieved good results for fiscal year 78/79. Overall, sales for Degussa World, which includes Degussa AG and its consolidated domestic and foreign subsidiaries and affiliates, rose by 21.6%.

The Chemicals sector made a strong recovery after a sluggish 77/78. Sales in the Metals sector were even more buoyant than in the previous year, benefiting from sharp price increases in precious metals.

Degussa's foreign production units and sales organisations, whose growth in sales outpaced domestic gains, accounted for 15.2% of worldwide sales as against 14.3% the previous year.

Sales in North America were expanded considerably, especially chemical products and pigments. The plants in Mobile, Alabama, contributed substantially to this development. Progress was also achieved in specialised areas such as auto exhaust catalysts for the U.S. motor industry, and in the dental sector through acquisition of an American company. In Toronto, Degussa Canada Ltd. started operations.

In Brazil, the company streamlined its activities by transferring its holdings in Vecambrás Ltda, Kopp + Odenwald Ltda, and Micronica Lida to Degussa s.a., São Paulo.

Our production units in Belgium, France, Great Britain, Holland, and

Italy as well as new sales organisations in Great Britain and Belgium had a positive influence on sales in the European Community. In Italy, Degussa increased its holding from 75% to 88.1% in Colorificio Romer S.p.A., Florence.

Degussa also recorded satisfactory results in other Western European markets, as well as in Asia, Africa, and Australia.

#### Highlights of Fiscal 78/79

- Sales of Degussa World rose from DM 5.0 billion to DM 6.1 billion, an increase of 21.6%.
- The Metals sector accounted for 59% of total sales with DM 3.55 billion, an increase of 28% over 77/78.
- Total sales of the Chemicals sector rose by 13.3% to DM 2.5 billion.
- Net income for Degussa World .. was DM 50.2 million - for the parent company DM 41 million.
- Sales of the parent company were DM 5.1 billion, of which exports accounted for 48.5%
- Assets acquired amounted to DM 90.4 million, slightly below the DM 92.3 million of the previous year.
- A dividend of DM 8.50 per DM 50 share was fixed.
- 76.7% of total financial requirements for the parent company were to write to: covered by internal financing.
- Investment in Research and Development rose by 5%.

The balance sheet structure again improved with capital, reserves and other long-term financial resources exceeding total fixed assets by 63.5%. At this year's Annual General Meeting, the shareholders approved a capital increase of 17% to DM 248 million.

#### Outlook

Although sales and profits continued to develop favourably during the first months of the new fiscal year, the possibility of a business slowdown must be factored into the outlook for the full year. In view of rising energy prices and concern about energy shortages as well as uncertainties in world trade and currencies, Degussa views the year 79/80 with cautious optimism.

## **Degussa Activities in Brief** CHEMICALS: Employees: 13,000 - Shareholders: 35,000

Production units in Germany: 18
Production units of subsidiaries in 13 court For an English version of our

1979 Annual Report we invite you

Degussa Abteilung Öffentlichkeitsarbeit P.O. Box 2644, D-6000 Frankfurt 1

## Degussa **€**

Progress through Precious Metals and Chemistry

#### A FINANCIAL TIMES SURVEY

## **DUTCH CAPITAL MARKETS JULY 2 1980**

The Financial Times proposes to publish a Survey on Dutch Capital Markets in its edition of July 2. The provisional editorial synopsis is set out below:

INTRODUCTION The strong rise in oil prices has led to a further worsening of prospects for the Dutch economy. The Government has announced further public spending cuts and a freeze on wages in its efforts to put the economy on a sounder footing. The public sector borrowing requirement will nevertheless be at a record level this year.

BANKING Profit growth of many of the large Dutch banks slowed last year as interest margins came under pressure, foreign exchange business proved less profitable and securities operations continued to make losses. With one or two exceptions, the banks have begun to feel the impact of world political and economic uncertainties.

Editorial coverage will also include:

FOREIGN BANKS Rapid expansion of 1970s; slowing of growth and reduction of some activities.

INSURANCE Expansion into foreign markets; business remains buoyant and profit levels are very satisfactory.

STOCK MARKET Slight recovery of trading volumes; The Exchange Association's long-awaited revitalising plans are finally being implemented.

EUROPEAN OPTIONS EXCHANGE Strong rise in trading volumes in recent months; Introduction of German options; Extension of Dutch and French Options; Improving prospects.

THE GOVERNMENT BORROWING REQUIREMENTS Size of Government's borrowing requirements continues to cast shadow over Dutch Capital Markets; problems facing the Government and efforts to cut spending.

THE CENTRAL BANK Firm policy of high interest rates and a firm currency despite protestations from industry; curbs on consumer lending have been allowed to lapse.

THE BOND AND MONEY MARKETS Pressure of high level interest rates on Dutch Bond and Money Markets; problems for borrowers; criticism of Central Banks' loan calendar policy.

Copy date is June 11, 1980.

For further information and advertising rates please contact:

Nicholas Whitehead Financial Times, Bracken House 10 Cannon Street, London ECAP 4BY Telephone: 01-248 8000 Telex: 885033 FINTIM G

## EUROPE'S BUSINESS NEWSPAPER

The content, size and publication detes of Surveys in the Financial Times are subject to change at the discretion of the Editor.

**NEW YORK** 

Stock

Stock

#### Columbia Oas... 41 14 415a Columbia Pict... 285a 22 Com. Ins. Am..... 5434 Combustn. Egg... 5434 54 Combustn. Eguip 215a 83a Commustn. Equip 215a 83a Commustatille... 3314 3314 Compugraphic... 181a 181a Schlitz Brew J. 731 B Schlumbarger. 1091s 1701 ; June 2 Ct. All. Pae. Tea: 3134 Gt. Sasins Pet... Gt. Nasins Pet... Gt. West Finenc'l Greyhound..... Grumman.... Gull & Western... | Schlumbarger | 108's | Schlumbarger | 25 | Scht-Paper | 17 | Scht-Paper | 17 | Scht-Paper | 17 | Scht-Paper | 10's | Season | 20's | Season | 20's | Season | 20's | Season | 21 | Season | 22's | Season | 22's | Season | 26's | Season | 25's | Season | ACF industries.. 324 AMF............ 1436 AM Inti ........... 1712 WITH INVESTORS remaining issued shares to raise its stake. Resources related issues and cautious about the recent gloomy to 51 per cent. Non-ferrous Metals were mostly economic statistics, Wall Street fluancial Federation rose 1; lower, with Telkoku Oil, Y1,360, fluctuated narrowly in moderate more to \$39; following a jump and Nippon Oil, Y2,200, easing early activity yesterday before of nearly 10 points on Monday Y20 apiece, but Koa Oil making 5 mixed showing at mid-session. OGREET Western Financial's advanced Y35 to Y850. Mitsul proposed bid of \$52,85 a share. Mining retreated Y7 to Y765 and AM inti 1712 1714 ARA 2215 5018 ARA 2215 5018 ARA 244 441 AVX Corp. 2514 2514 Abbotts Labs. 4248 426 Acme Cleve. 24 264 Adebe Bil 3 Cas. 3615 Armanson IH.F. 2215 2214 Air Prod & Chem 3718 3712 Air Prod & Chem 3718 3712 Air Prod & Chem 2712 2712 Albany Inti 2712 2712 Albany Ludm. 26 Albany Ludm. 26 Alled Gnemical. 49 Allied Stores. 2216 Allied Stores. 2216 Allied Chaimers. 2334 2314 Alpha Portd. 1518 trade remained nervous. OK Bazzars shed 20 cents to R15.30, but Rembrandt gained 15 cents to R6.60 and Nedbank 10 cents Guil & Western... 171a | 171a CIO 2 Comp. Science... 2012 Comp. Science... 2012 Cons Mills... 351x Conn Gen Ins... 365x Coneco ... 491x Conrec ... 121x Cons Edison... 245x Cons Freight 22 Cons Hat Ons... 38 Consumer Power 181x Cont Air Lines... 75x Conti Corp 265x Conti Corp 265x Conti Corp 265x Conti Corp 265x Conti Corp 255x Con to R6.00. 20% 3314 3714 484 2418 2312 2312 3834 1712 3634 3034 3778 3534 | Hercourt Brace... 30 % | Harmischieger... 1558 | Harmischieger... 1558 | Harris Bancp... 255% | Harris Corp... 3159 | Harris Corp... 3159 | Harris Corp... 3218 | Hecks Mining... 2678 | Helnz (HJ... 4054 | Helnz (HJ... 4054 | Helnz (HJ... 4054 | Hercoles... 12 | Harris (HJ... 4054 | HJ... 4054 | HJ.. Great Western eased i to \$19. Finor advanced 21 to \$591 on The Dow Jooes Industrial Average was just 0.09 harder at \$47.44 at 1 pm, while the NYSE Australia However, elsewhere, Hitachi Seiki rose Y41 to Y517, T2ho Rayon Y17 to Y328 and Mitsul Osk Line Y5 to Y213. a more than 50 per cent rise in fiscal second-quanter near All Common Index gained 4 cents to \$63.26, but declines held a | Helco Ghem. | 527s | 3212 | | NnpceIndustries | 141g | 141g | | Nai. Can. | 12 | 181s | | Hat. Detroit | 251s | 257s | | Hat. Detroit | 261g | 267s | | Nai. Gypsum | 221s | 221s | | Nat. Medical Ent | 321s | 331s | | Nat. Semicductr | 18 | 18 | | Nat. Standard | 18 | 18 | 145s | | Nat. Standard | 141g | 145s | | Nat. Standard | 141g | 145s | | Nat. Standard | 141g | 145s | | Nat. Gheal | 265s | 26 | | Nat. Gheal | 265s | 265s | | Nat. Gheal | rainings. THE AMERICAN SE Market Value Index put on 1.90 to 274.41 at 1 pm on volume of 2.50m shares (2.51m). 2implicity Patt.... 2 narrow lead over advances. Turnover slowed to 18.58m Singer Skyline Smith InH..... Smith Kline Sonesta Inti Germany. Shares continued to drift lower, taking the Commerchank index down 4.1 more to 702.7. Motors remained particularly depressed, still suffering both from Volkswagen's aunouncement on Monday that first-quarter profits had fallen 26.9 per cent and from lay-offs at several other commence. Volks. shares from the previous day's 1 pm figure of 20.73m. Michael Metz, of Oppenheimer and Co., said the market was consolidating its recent gains while investors tried to guege the severity of the impending recession. He added that investors were also partching how 01 to 61 to 31 to 32 to 457s 45 to Alcoa......58 Amai. Sugar..... 3534 Canada There was also no decided depressed, sum trend on Canadian markets from Volkswagen's announce-yesterday morning, although ment on Monday that first-trading stayed active. The Toronto Composis index was 3.7 per cent and from lay-offs at higher at 1,984.9 at noon, while to 4,343.9, but Golds receded 29.6 BMW lost DM 5.50 more and Daimler DM 2.50. Declines in other sectors were metals and minerals index added 50.64 at 5.564.59, although the Sydney All Ordinaries Index was just 0.77 higher at 868.21. Bongainville Copper, which recession. He added that investors were also watching how the Bond market absorbed its heavy calendar of offerings. Bond Am. Cyanemid ... 3012 Am. Elect. Pwr... 1814 Am. Elect. Pwr... 3358 Cox Sroadcasi 2 765s 764 Grane 6 551s 354 Crocker Het 287s 22 Grown Cork. 261s 27 Grown Zell 411s 413s Curmins Eng 221s 301s Curties-Wright. 23 223s 2amen 6 6 Dana 211; 21se Dart Inds 60 58 Layton-Hudson 45:s 437s Leare. 303s 311 Leare. 303s 315s 2sn'nys. 161s 165s 3078 1878 were higher yesterday morning. Renewed interest in Precious Metals over the past week or so changed at A\$8.40. mainly small, however, although Thyssen-Industrie shed DM 2.10 St'd Brds Paint ... 2434 2518 St'd Oil G'ifornia 73 7518 2td Oil Indiana... 5058 5058 Std Oil Ohio... 83 9419 Stanley Wis ... 16 1546 6tauffer Ghem 1254 18 2terling Orug... 1254 1458 Stokely Van N ... 2278 5345 Sun Co ... 7134 72 Sunbeam ... 1678 1878 Tokyo was also keeping stock investors cautious, analysts said, since It | Nerfolk & Westd | 305s | 31s | 31s | 31s | 32s **Paris** Apprehension over the domesand Varia DM 2. The Domestic Bond Market recorded losses of up to 50 pfennigs in the wake of the ric political situation due to Prime Minister Massyoshi Ohira's heart ailment kept trad-ing subdued, and the market suggests gold investors fear inflation will not abste. Volume leader Tosco slipped ‡ Am. Standard..... 6614 Am. Stores...... 2616 Am. Tel. & Tel..... 5258 to \$271, Biter a 31 point rise on ssue of a New Government Loan, mainly easad afresh in thin Am. Tel. 4 Tel. 525a Amfac 321a Amfac 321a Ampex 2014 Ampex 2014 Amstar 102 354 Amstar 164 Ancher Hocks 16 Ancher Hocks 252a Arcata 222a Arcata 103 342; Archer Doniels 342; Armaco 27 Monday in response to a Supreme Court ruling on oil shale properties. Union Pacific shed 1 to \$421 | INA Corp | 513, | 1614 | 10 intl | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | 1614 | dealings. The Nikkei-Dow Jones Average dipped 36.52 to 6,826.18, while declines on the First Market section outpaced gains by priced to visid 8.21 per cent. The Bundesbank bought DM 1.6m Sunbeam...... Gundstrand ..... Gundstrand ... 414 Guperior Oil. ... 142 Super Vel. Strs. ... 2134 Syntex ... 355 a TRW ... 32 Tatt ... 304 Tampex ... 324 net of paper after purchases of DM 4.8m on Monday. Mark and Missouri Pacific also { to \$574. They intend filing applications with the Interstate Committee Eurobonds were mixed. Market section outpaced gams by 349 th 246 after volume of 220m shares (200m). Brokers said leading speculative issues, such as Miyaji Iron Works and Nippon Wool Textiles, went down sharply on merce Commission in mid-September for approval of a merger of Union, Missouri and Western Pacific. Johannesburg :: Okla. Ket. Gas.... Hong Kong Gold shares, after recent strength, retreated on news of Armstrong CK.... 15 Asamera Öil...... 901g Asarse....... 3712 Ashland Oil...... 8778 a production shaft closure at Stilfontein following unrest Freeport Minerals lost 1 to \$341 despite announcing that it expects 0 gain of 18 cents a Ourseas Ship... 2414 | 245e Overseas Ship... 2414 | 245e Owens Gorning 2513 | 2514 Owens Hilmols 2313 | 2314 PHM Group 25 | 2412 PPG Inde 3014 | 3014 Pabst Brewing 1914 | 1214 Pac. Gasž Elect Pac. Lighbing 9154 | 237s Pac. Lumber 4714 | 467s market rumours that the Tokyo among some mineworkers, and also reflecting a downturn in SE may decide tomorrow to sdopt new regulations under which stocks of companies capithe hullion price. Stilfontein fell R1.75 to R19.00, share in second-quarter profits from the sale of Australian protalised at Y3bn or less cannot while Gold Fields SA lost R6 to R80, Kloof R2.25 to R31.25, East perties. Avnet ... 5718 2534 Avon Prods 5654 3659 Baker Intl... 2278 2214 Belt. Gas & El... 2312 2554 Bancal Trist 2227 Metro-Goldwyn-Mayer "when issued" lost 11 to 87. Kirk Kerkorian hos dropped a planned he traded in margin trading. Driefentein R1.75 to R25.75, and down from Monday's HK\$27.37m, F. S. Gednid R3 to R58. Mining Financials tended to ease, while De Beers receded 15 cents to R9.95. Coppers and R9.95. Coppers A number of export-orientated issues, including some recently | Jewel Cos. | 2714 | 2813 | | Jim Waiter | 33 | 3312 | | Jehne Manville | 21 | 27 | | Johnson Contr. | 2136 | 2176 | | Jehnson & Jna. | 7814 | 7976 | | Johnstin Logan | 2 | | Jostens. | 1716 | 2114 | | Joy Mfg | 2416 | 3416 | | K Mert. | 2176 | 2276 | | Kalser Alumin. | 1856 | 1256 | Bancai Trist. 227a Bancai Trist. 227a Bangor Punta. 125a Bank Americe. 251c Bank of NY. 577a Bankers Tat N.Y. 473a Sarry Wright. 241a Sausch & Lomb. 435a Bart Tray 1sh 664 strong Light Electricals, lost ground. Sony reacted Y30 to Y1,890 and Ploneer Electronic Y20 to Y1,820, while Honds Motor shed Y12 to Y575 and \$5 s share bid for enough "when Eckerd Jeck. 2712 Electrenic Octa. 2312 Elect. Memeries. 415 El Paso. 1612 Emerson Elect. 3554 Emery Air Fgt. 1646 Emhart 221, Englehard MG. 3376 Closing prices for North Platinums were generally steady. SHK Properties declined 15 Industrials closed on a mixed cents to HK\$9.50 and Swire note after Monday's decline on Properties 5 cents to HK\$5.40. Bankers Tat. N.Y. 4734 4612 Sarry Wright. 2414 2414 Eausch & Lomb. 4336 4314 Baxt Trav Lab. 4634 4654 Baxt Trav Lab. 5634 2714 Beker Inds. 1214 1256 Sell & Howell. 2334 221; Bell Industries. 10 278 BendX. 4214 4315 Benet(icial. 03 2956 America were not available for this edition. Canon Y6 tn Y661. BELGIUM (continued) CANADA HOLLAND TAUSTRALIA [ ]APAN (continued) June e Fra -Juno 5 June May June 5 June 3 Price 4,45 -0.16 Kurbota \_\_\_\_ ANZ Oroup Acrow Aust Alistats Expl... O.2 Ampol Pat Assoc, Pulp Pap. Assoc, Pulp Pap. Audimoo... Aust Cons Ind Aust Guarant... Aust Rear Guarant... Aust Paper Bank NSW... Blue Metal ... Bond Hidgs... Bond Hidgs... Boral +0.05 Kurbota +0.05 Kyoto Caramic -0.01 Lion Maeda Cons +0.02 Makita -0.01 Marubeni Marudei Marudei Matushifa Marudei Matushifa ACF Holding .. 181 AICO 23.7 ABN 282 AMEV 86.6 AMIRO 63 Bradero Cert 189 Boe Kaile 96.3 Buehrmann-Tet 64.5 Galand Hidgs 23.8 Elseviet 226s5 Ennis 158.3 Euro Corn Tet 37.50 Bell Canade ... 201<sub>0</sub> 205<sub>0</sub> Bow Vallay ... 17 163<sub>4</sub> BP Canada ... 433<sub>4</sub> 431<sub>2</sub> Brancan A ... 275<sub>0</sub> 07 Zrineo ... B B B.C. Forest ... 133<sub>6</sub> 135<sub>6</sub> Cadfliac Fairy ... 205<sub>6</sub> B11<sub>6</sub> Camflow Mines ... 151<sub>4</sub> 186 Can Cement ... 121<sub>2</sub> 123<sub>4</sub> Can NW Landa ... 121<sub>4</sub> 191<sub>8</sub> DENMARK June 5 Price + or Kroner -Leaseway Trans. 20sa Lanox. 254 Lavist Furntr. 2012 Levitz Furntr. 2012 Libby Owens Fd... 2014 Lilly [Eli... 5012 Lincoln Nat... 3812 Litton Inds... 6226 Lockhead 3172 1st Ghleago .... 1414 1st Gity Bank Tax 42 1st In! Banc .... 401s 1st Misslappol. 327s 1st Kat. Boston. 3034 1st Penn .... 51 Fractwood Ent ... 67s Flestwood Ent ... 67s Flestwood 201s Bucyrua-Erie 2014 1978 Burlington Ind. 1814 19 Bullington Krhn. 72 7118 Burnoy. 3214 3154 Burroughs 6772 6712 GBI Inds. 3654 5316 GBS. 4754 4754 1481 GPC InU. 55 Campbell Red L 5354 3512 Campbell Red L 5354 2612 Campbell Tagg. 2312 2612 Canal Randelph. 1474 1414 Can. Pacific. 3514 3456 Carlisle Corp. 273 28 Carlasle Corp. 273 28 Carlaslon. 5662 27 | Ferende Brygg, | \$25,00 | +0,50 | Occ Grimten | 128,5 | | Forende Oampek | 180 | Occ Grimten | 128,5 | | Forende Oampek | 180 | Occ Grimten | 128,5 | | Forende Oampek | 180 | Occ Grimten | 128,5 | | Forende Oampek | 180,5 | Ommeren (Van) | 835 | | Forende Oampek | 128,5 | Pakhoed | 42,4 | | Forende Oampek | 105,00 | -0,50 | Pakhoed | 42,4 | | Forende Oampek | 105,00 | -0,50 | Rijn-Scheide | 17,7 | | Forende Oampek | 105,00 | -0,50 | Rijn-Scheide | 17,7 | | Forende Oampek | 105,00 | -0,50 | Royal Occ Grimten | 127,7 | | Forende Oampek | 128,5 | Occ Grimten | 128,5 | | Forende Oampek | 128,5 | Occ Grimten | 128,5 | | Forende Oampek | 128,5 | Occ Grimten | 128,5 | | Forende Oampek | 128,5 | Occ Grimten | 128,5 | | Forende Oampek | 128,5 | Occ Grimten | 128,5 | | Forende Oampek | 128,5 | Occ Grimten | 128,5 | | Forende Oampek | 128,5 | | Forende Oa Nisshin Flour ..... 245 +3. , Nisshin Steel ..... 150 -1 Nomura ..... 416 -7 +0.04 Republic Steel.... 217g . 25 Rep of Texas...... 27 27 Macke...... MacMillan..... Elder Smith GM. 3,00 Endeavour Res. 0.39 1,020 -20 Carp Tech...... 2954 30 Carter Hawley ... 17 Com Bridge.... DomFoundries A Dom Stores...... Domtar..... Falcon Nickel.... Gemble-Skogme: Gannett ITALY Monarch Pet..... Myer Emp....... Nat Bank Pries + or -0.02 ANIG. 8.00 Assicur Gen. 55,300 Eanca Com'le. 15,005 Eastogi Fin. 540 Gredito Varesino 5742 Fiat. 1,709 Finsider. 70.00 invest. 2,140 italcamenti. 82,150 italsidor. 525,5 Mentedison. 158 Olivetti 2,085 -25 -20 +645 +59 +B Wheelabratr F., 351<sub>8</sub> 335<sub>8</sub> Wheelabratr F., 351<sub>8</sub> 201<sub>8</sub> 203<sub>9</sub> Whitelabratr F., 201<sub>8</sub> 201<sub>8</sub> Whitelabratr F., 201<sub>8</sub> 201<sub>8</sub> Whitelabratr F., 201<sub>8</sub> 181<sub>9</sub> White Motor., 4 41<sub>8</sub> Whitelabratr F., 22 225<sub>8</sub> Wickes 2., 211<sub>4</sub> 125<sub>8</sub> Winkes 2., 301<sub>8</sub> Winnelabrate F., 271<sub>2</sub> 277<sub>2</sub> Winnelabrate F., 51<sub>8</sub> Wisc Elec Power 247<sub>8</sub> 25 ~0.1ã -0.2 -0.01 -0.03 -0.02 Gerber Prod... Getty Oil. Giddings Lewis... Gillette Global Marine... Geodyear Tire... Goodyear Tire... Gould Grace.... 251.2 -0.1 33.7 -0.3 690 -7 10 366.3 -0.7 Gen. Occidental ... Imetal ... Lafarge ... L Orasi ... Legrand ... Machines Beil ... SINGAPORE NORWAY. HONG KONG Indices | Bergens Bank... | 104 | +0.8 | 50 | +0.8 | 50 | | +0.8 | 50 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0.8 | | +0 June 3 Cheung Kong.... Coeine Prop.... Grpss Herbour. Eastn Asia Nav... Hang Seng Bank HK Reyeloon Wb. HN Land... HK Shanghai Ek. HK Telephone... Hitchison Wpa... Jardine Math... New Werld Dev... I seas Trust Ek. SHN Props... Swire Pac A. Wheel'k Marid A. Wheel'k Marid A. **NEW YORK** -DOW JOHES \_5 • Industrie 647,55 551,55 72,56 72,56 72,02 72,28 (15.2) H'me B'nds. 72,45 72,55 72,56 72,56 72,02 72,28 74,01 | 15.1 7ransport . 269,56 269,21 868,14 271,20 263,63 265,64 82 21 Utilities ..... 189,29 1 10,28 189,81 118,88 109,88 109,18 113,46 ; 15.2 SWEDEN . SOUTH AFRICA 28 51 251,63 27 5 90,84 (27:5) BELGIUM Salgian 2E (51/12:65) Frice + or Kroner -96.14 (23/3) DENMARK Copenhagen SE | 1.1;73| 78,18 77.93 78,16 74,19 Trading Vel 000's: 32,710 34,829 42,888 38,588 48,818 45,789 Teck B...... 1378 . 14 Texaco Canada... 81 805 +B 2.90 FRANCE -0.5 Thomson Heway A 15 Toronto Dom Bk. 284 Transcan Pipe... 524 Transcan Minto Cil A. 11% Utd Siscoe Min es 16 to Welksri Hrm.C.H. 284 Warrior Res... 4,40 Westcoast Trans... 1344 Weston (Geo) ..... 23 • Pay's high 857,94 low 842,28 +2+0.50 May 16 Year ago lepprex JAPAN **-0,16** Price + or East Orie F50eduid Gold Fielde SA Nighveld Eteol Holetts Kloof STAHDARD AHD POORS Ajinemote Amada Asahi Glass: Bridgi atone Canon Gitizan 2Indust is ... 124.55 125.05 125.92 138.85 125.24 184.35 134.47 111.05 134.64 8.52 151.04 151.05 134.64 8.52 151.05 151.05 134.6 784.3 (15:5) AUSTRIA ITALY Banca Comm. Ital / 1872: 87.12 62.63 87.66 95.53 97.68 (10.5) May 14 Year ago approx Rust Plat. 2,30 Sage Widge. 3,50 SA Braws 3,50 Smith CG Sugar. 11,00 5.53 5.58 5.38 HDRWAY Onlo SE (1/1/2) 7,77 7.46 SWITZERLAND Financial Rand USS0.92 2IHGAPORE Straita Times / 1968: -0.4 425.75 .4.71 1.265 826 623 417 21 SOUTH AFRIGA Cold | 1936; Industrial | 1958; -0.6 -0.5 -1 June Mey Mey Mey -High Low 259 558 575 790 939 438 580 1,060 1,060 1,000 2,300 539 427 1,020 398 7710 485 BELGIUM/LUXEMBOURG SPAIN Madrid 5E :28:12:78: 35,78 115:5 MONTREAL -0.04 +0.27 +0.25 +0.10 +0.17 June May Mey Mey 2 30 22 28 Price Fis. SWITZERLANG Swiss Bank Co. /51/12/58, 289.4 292.1 252.4 +6 Nastie Oer-Buhrie Pireili Sandoz (Br. Sandoz (Pr Cts) Sandoz (Pr Cts) Schinder (Pr Cts) Swissair, Swiss Ranko Swiss Reinsos Owies Vollesk Winterthay Zurieh (Rt. +6 TORONTO Composite 1981,2 1971,7 1955,0 1997,2, 2182,8 (28/2) . 1702,5 (27/5) +D.84 256 -5 262.6 -0.6 175 -0.60 1845 -0.60 181.50 +0.40 264.7 +0.2 65.20 -0.99 143 -2 133 -0.19 262.8 172.6 -2.7 NEW YORK ACTIVE STOCKS Change Change Change Traded once day 332,300 17% -2, 279,000 45 +4, 270,300 25% 263,600 33% -3, 263,000 13% +1, bonds. \$400 industriale. \$400 industrials plus 40 Utilities, 60 Financials and

# Mixed early Wall St. showing

Minings continued to show a firming tendency, although Gold shares were mainly enly medestly higher in much quieter trading after Monday's upsurge. Oils, after recent buoyancy, put on a mixed performance with profit-taking noted, while Industrials were also irregular. The Metals and Minerals index added to 64 or 555459 although the

has gold interests, provided an outstanding bright spot with a rise of 25 cents to A\$2.55, but Central Narseman Gold, up 90 cents on Monday, were un-

French share prices were mixed at the end of a quiet ses-sion in the absence of any stimulus. Market observers said = institutional investors have taken B hesitant stance and appear to be waiting for B clearer iodication of the extent of the econo-mic slowdown in France and

With investors wary about the nnset of local recessionary conditions and generally unwilling to enter the market, leading issues mainly marked time yesterday while Properties showed an easier teodency. Business on the Hong Kong SE emounted to only HK\$17.66m,

## Vin Frost fears boost mued to interest t

BY RICHARD MOONEY

rale index EARS THAT frost could hit 9 difficult razil's growing regions pushed naries fazil's growing regions pushed naries figher on world narket yesterday.

. Following frost in more runowing hon-coffee states yes spon anday morning. Brazilian an Gold eather office officials have rarned that the cold air is oving northwards and could tuse sub-zero temperatures in 1e coffee state of Parana. No the coffee state of Parana. No tions further north, But forest ficial frost warning has been cloarance, particularly in Minas

d of a coup with prices aiready standing plantations is believed to nave allowed the frost belt to follow the growers and if anything the and appeted. At the close yesterday, frequency of frost damage has a clearly bondon futures market was Earlier this week Brazil ooted at £1,784.5 a tome, up ooted at £1.782.0 a tomic, up 16 on the day. This is the ighest level for six mooths. Traditionally the high risk rost period in Brazil does not.

Interest seen

for potato

and futures market

TO SHEET INITIAL SUPPORT for the

Loodon potato futures market

from speculators.

is likely to come primarily

market, according to Mr. Tony

Beeson, chairman of the

market's formation committee.

He told a seminar yesterday

thet they expected a flurry of

activity in the first few weeks.

mainly from speculators but

support from farmers and merchants would build up

when they saw the market operating properly.

So far, 16 brokers have

agreed to pay the £5,000 full membership fee, and ten appli-

the potato trace ban and keen interest. in the proposed London potato futures
to Mr. Tony.

the frost season forward. Last year's damaging frost hit the more northerly state of Minas Gerais on May 30.

Parana used to be Brazil's main coffee growing state but the increased frequency of -frosts there caused many farmers to switch to less risky crops or move to new planta-Gerais, to make way for the new plantations is believed to have

reduced its 1980-81 crop esti-mate by 1.7m bags (60 kilos each) to 19.5m. This came as no surprise on the market where most traders had thought recession great frost of 1975 struck on But with Brazilian stocks very great trost of the changing weather low any further cuttack could \* atterns appear to bave brought bave a dramatic effect on prices.

policy of not replacing the U.S.

grain embargoed for shipment

to the Soviet Union at the meet-

ing next week between the U.S.

Agriculture Department and

Australian . Primary Industry

Minister Peter Nixoo to discuss

the U.S. embargo on grain sales

USDA officials said Mr. Nixon

will prohably meet Mr. Bob

Bergland, Agriculture Secre-

tary, on June 10. Later in the

week the Australian Minister

will travel to Ottawa for talks.

Tha U.S. will urge Australia

to keep its grain sales to the

Soviet Union for the next-mar-keting year at the same level

to the USSR

tract, to supply 2.3m tonnes of

U.S. to ask Australia

to keep embargo policy

WASHINGTON - The U.S. wheat to the USSR, will oot be

year.

Soviet Union.

Government is to urge Aus- completed until July. The tralia to continue its present USDA would have no objections

## Dealers confirm cocoa deal

BY JOHN EDWARDS, COMMODITIES EDITOR

Rayner, part of the S. and W. producers to sell. Berisford group, confirmed yestomes of cocoa from the Ivory

It was emphasised that this was a "back to hack" deal. Matching sales to European and U.S. manufacturers and processors had been arranged prior to the purchase transaction being completed.

The deal is the biggest single transaction in cocoa to take place for many years, but traders are still somewhat technical reaction.

Some dealers think it could mark a turning point in the big fall in market prices during recent months to the lowest level for four years. It was pointed out that the buge surplus stockpile in the Ivory Coast, which bas now been largely removed by the deal, greet depressing infinence. Other producing countries. notably Ghana, are known also to beve sold larga quantities in recent weeks so there is no

if future Australian wheat sales to the USSR were approxi-

mately the level of the current

For coarse grains, the U.S.

hopes that Australia keeps its

sales to the Soviet Union at its

traditional or historical levels.

Canada and Aostralia have put

pressure on their respective

Governments to ease the restric-

tions on grain trade with the

Arusha, Tanzania—Tanzanian

Prime Minister Edward Sokoine said it should be possible for

most African countries to he-

come self-sufficient to food and

even produce exportable sur-

Moming: Cash £318, 19, 20, 21; three months £318, 19, 20, 22, 21, 22, 24, 23, 22. Kerb: Three months £320, 25, 24, 26, 26, 27, Kerb: Three months £320, 23, 24, 23, 22, 21.5, 21, 22, 21.

ALUMINIUM Geined ground. After trading around the £720 level for most of the morning forward metal rose to

fellin eterling, before seaing to close the late Kerb at £725.5. Turnover: 8,400 tonnes.

.724-6 +7.5 725-50 sthe 721-8 +7.5 725-5

a.m. + or p.m. Official - Unoffici

Bullon + or 1 M.E. + or fixing p.m. price Unoffici'i

605,80p-18.1 629,5p +7.6 698,00p-17.4 651,5p +7.6 635,00g-12.5 696,00p-11.5

LME-Turnover 122- (189) lots of

10,000 ounces. Morning: Cash 614, three months 640, 38, 37, 26, 37, 38, 39, 38, 30, 32, 31, 32, 33, 35, 36, 37.

Kerbs: Thise months 635, -34. Afternoon: Three months 645, 46, 47, 49.5, 51. Kerbs: Three months 651, 49.

initially a little essior cocos futoras anded the day on a steady note and closed some £10 higher then Mondey

evening, physicals were again trading only spacemodically with little intorest

from producers or consumers at current market levels, reports Gill and

COCOA Yesterd'yz + or Business Cocoa Dene

1177-80 1205-07

1052-58 +12.0 1065-30 1081-82 +10.0 1094-55 1129-30 +10.0 1144-05

+17.0 1214-180 1227-57 +22.0 1240-08 1240-67 -23.5 1240

COCOA

Farm groups in the U.S.,

ONDON cocoa dealers, J. H. longer the same pressure on

However other doalors point terday that they were involved out that the surplus of cocoa in the purchase of 100,000 remains, even though the sur plus may beve been transferred to stronger hands in consuming countries. Some consumers, who bava bought elsewhere, might well now be tempted to dispose of other cocoa or even the lvory Coast supplies in view of the slow rate of demand and the desire to keep stocks to a

minimun It is felt the Ivory Coast may now be less disinclined to sell Brazil cocoa for processing. somewhat However the co-operation of the market. Yesterday prices Coast may help efforts at the moved np slightly but this International Cocoa Council was described mainly as a talks starting in Loodon today to resume negotiations seeking

a new cocos agreement.
The Council meeting is primarily to discuss the disposal of the \$220m buffer stock fund, but it mey well be used as a forum to start producing and consuming countries talking again. France yesterday et the OECD meeting io Paris urged the resumption of cocoa talks. It seid the whole future of the North-South dielogue will be threatened hy the breakdown of the Cocoa Agreement.

#### Apple farmers demands rejected

By Richard Mooney

BRITISH DEMANDS for action to stem the flow of cheep apples into the couotry were rejected hy representatives of Continental growers at e meeting in russels yesterday.

Mr. Dan Ueuthoom, chairman of the National Farmers' Unioo's epple and poar committee, who led the British delegation said e call for measures to stabilise the EEC apple trada was given sympathetic con-sideration "but not all member countries were able to agree to

Tho delegation told the European Farmers' Union's fruit and vegetables working party it wanted lotra-community trade in epples to be restricted to top grade fruit; a ban oo trado in loose packed apples; and the return of sub-standard U.S. dollar. fruit at the exporters expense. Beuter

#### Sharper downturn in sugar

By Our Commodities Staff

THE DOWNTURN in sugar values accelerated yesterday taking prices to their lowest levels for two weeks. In the morning the London daily raws price was fixed £20 lower at £310 a tonne and on the futures market the futures market the October position end the day at £361.75 a tonne, down £25,275. This followed a £11.175 decline in the fotures price so Monday.

Tradors said the fall continued to reflect dealers' oervousness following the recent upsurge which lifted prices to 51-year bighs last Thore is a strong suspicioo that the market may have become over-

Futures prices had surged ahead of physical values, dealers said, and this situatioo could not continue indefinitely.

#### N.Z. test for wool market ceotury.

AN INNOVATION in futures markets was leunched yesterday when New Zealend wool traders started dealings on the London crossbred contract overnight on e domestic hasis.

The idea is thet New Zealand members of the market will be eble to trade within their own time scale. Deals made will then be registered through a clearing member in London end treated as kerh or ioteroffice transactions.

The first day saw 15 lots traded in New Zalend, it is boped this will gredually build up and create more interest in the Loodoo market as a whole. Meanwhile in Melbourne the Australian Wool Corporation reported that its stock rose to 214,000 bales in April, compared with 129,000 bales beld et end-March aod 447,500 in April last year.

#### Brazil abolishes sisał tax

RIO DE JANEIRO ceotral bank of Brazil bas published a resolution abolishing the export tax oo sisal.

The tax, 12 per cent oo the fob value of the gale, was originally imposed last Decemher to offset the effect of the 30 per cent downward adjustment of the cruzeiro against the

#### MANGANESE RECOVERY

## New technology and the cost of future output

BY ROY HODSON

WORLD ONSHORE

AN OPTIMISTIC view of the world's reserves of manganese ore, so essential ingredient in MANGANESE RESOURCES stoelmaking, is taken hy the International Iroo sod Steel Institute in a new report.

Massive deposits of low-grade ore, which can be used successfully after going through up-grading techniques, will meet world oeeds well ioto the next ceotury, coocludes the insticommittee on raw materials.
"It is difficult to envisage a

physical shortage of manganese ore caused by depletion of reserves," the report stetes. Nevertheless, the steelmakers are resigned to the fact that manganese will become barder to recover. The HSI assessment is thet supplies of high grade manganese ore are limited. Several deposits could be nearing depletion by the end of the

#### Beneficiation

Two developments expected to aid future production. Up-grading (beneficiation) processes will be improved for bandling the lower grade ores. The mining of the ocean floor for manganese nodules is also expected to play a significant part within the next 10 years. The offsbore mining techniques required are being developed, the TISI committee points out. and the chemical processes for extraction of minerals from the

oodules are well known. The IISI warns, bowever, that although the threat of a prolonged physical shortage manganese ore in tha world eppears to be remote there must be the fear of a political short-age which could be brought about by political instability, confrootation, alliance."

Noarly all the world's manganese reserves are concentrated in a few countries, as the tabla shows.

The present world production of manganese ore is about 24m tonnes a year—providing about 10m tonnes of mangenese. More thao 85 per cent of the total comes, from only six countries—Russia, South Africa, Australia, Gabon, Brazil and

between them a very high per- exports. Russia exports mainly Brussels.

(m. tonnes of North America Latin America South Africa Rest of Africa

Russia The U.S. Bureau of Mines has compiled these estimates reserves already measured, and reserves which are either indicated or inferred. The bureau considers all are econo extractable.

Asia

Australia

China

Bulgaria

centage of the reserves. Each country bas more than 1,000m tonnes of manganese content, according to the U.S. Bureau of Mines figures. Together Russia and South Africa possess more than 80 per cent of the current known world manganese deposits.

The present effective production of manganese ora in the Western world is estimated to be about 16m tonnes a year. Taking into account all known plans for expansion of capacity, and allowing for reductions in capacity where they are known, the effective producing capecity io the West is estimated by the IISI to be likely to reach a maximum of 19m tounes a year

#### Assessment

Comecon capacity is put at about 9m tonnes a year at preeent, and Chinesa productioo capacity at 1.7m tonnes a year. The steelmakers say that too little is known of the plans of either Comecoo or China to make an accurate assessment of their likely capacity in the mid-1980s.

World trade in manganese ores is running at about 12m tonnes a year. The main exporters are South Africa, Gahoo. Australia, Russia, Brazil and India, who togother account for Russla and South Africa share about 90 per cent of total world

to the Eastern bloc countries. The total Comecon region is oow a substantial oet importer from the Western world.

Manganese is used in the steel industry in the form of ore and as manganese ferro-alloys. It is usually added to the hlast furnace as low-grade manganeso ores or as manganese-containing iroo ores. The HSI forecasts that developments in blast furnace practice may decrease tha amount of manganese required in the blast furnace thus belping to slow down growth in demand. One technique which may have an important application is the external desulphurising of hot metal.

At present more than 92 per of manganese output is used by the steel industry and the percentage is not expected to change substantially in the

oext few years. The steelmakers forecast that will be reasonable to assume a world manganese ore requirement of between 29m tonnes a year and 32m tonnes a year by the mid-1980s.

#### Ocean mining

The technology of ocean bed mining is expected by the HSI committee to be making an impact on the world of manganese by the end of the century.

The depths at which nodules are to be found is highly variable, from about 1,000 metres in the Atlantic to depths as great as 3,500 metres in the Pacific. Tha nodules contain in epproximae order of abundance: manganese, iron, nickel, copper, cobalt, and molybdenom, Content varies considerably; in the Pacific some nodules contain up to 30 per cent manganese.

The steel committee com that problems over the mining of oodules are buge. The most intractable difficulty in the recovery of see-bed manganese is expected to be the cost of offshore mining.

Manganese and the Iron and Steel Industry. Published by the International Iron and Steel Institute. Avenue Homoir,

#### BRITISH COMMODITY MARKETS

cations have been made for as the current year. For ex-

associate membership imitially amale, Australia's current con-

BASE MBTALS

the beckwardston to \$120 but three the beckwardston to \$120 but three the part of the beckwardston to \$120 but three the part of the beckwardston to \$120 but three the part of the beckwardston to \$120 but three the part of the beckwardston the \$1,370 but three the beckwardston to \$120 but three the part of \$120 but three the beckwardston to \$120 but three the part of \$120 but three the beckwardston to \$120 but three the part of \$120 but

Wirehers | 888.5-9 + 25892.5-5.5 + 6.5 | Smenths | 920-1 - 5.5 | 924.5 | +1.76 | Settlom't | 889 | - - - - - - | 889.5 | +1.76 | 889 | - - - - - | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1.76 | 889.5 | +1. Catholes 366.8 +5 Speciard: Three months £7.350. 60, 50, Kerb: Speciard: Three months £7.350. After-special for the special fo

TIN—Gained ground in gujet trading. The rise at Penang sew forward match move up to £7.360 to the morning rings with the backwardation widening to around £150... - in the afternoon offerings. of cash material narrowed

Timo when sterling to starting the sterling to the sterling to

Morning: Standard: Cesh £7,500; three months £7,350, 60, 50, Kerb: Standard: Three months £7,350. After-months £7,360, 70, 65, 75, 70, 65. Korb: Standard: Three months £7,360.

	13,025 10	nnes.		2.30.17	·. <u>·</u>
<u>.</u>	LEAD	S.m.	+ 61	p.m. Unofficial	<u>+°</u>
ol.	Cash	520 1	+6:	324-5	
n.	3 months		+5.	326.5-7.5 -36.40	+11

I.G. Index Limited 01-351 3466.

August Sugar 360-362 1.G. Index Limited 01-351 3466. Ac 29 Lamont Road, London SW10 0HS. 1 Tax-free trading on commodity futures. 2. The commodity futures market for the small investor.

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and values were kept within a narrow range, reports Oraxal Burnham Lambert.

3,120 toniles,	towards the closs.
ZINC Official - Unofficial -	COFFEE Close H or Busines
Cash 995-2 -8 297-8 +1.5	& per tonne
3 months 308-7 -2.62, 308-9 :+1	July
8'ment 296 -8 -57.6	Nov 1791-99 + 11.01808-9
Morning: Three months £308, 7. Karb: Three months £307, Afternoon:	March
Cash £297: three months £309, 8.5.	May
Kerb: Three months £308.	Sales: 4,955 (4,078) lots of S tonnes

Sales: 4,955 (4,078) lots of S tonnes.

1CS Indicator prices for Juna 2 (U.S. cents per pound): Other Mild Arabicas 193.67 (189.83); Robustas ICA 1978 177.00 (175.75). ICA 1968 177.25 (176.00). Unwashed Arebicas 212.50 (194.88).

#### GRAINS

LONDON GRAIN FUTURES Values increased on steady buying Interest to trade 35p-45p higher, some hedge selling pressure at these levels helted any further mily and values eased back lurther during the attempon assign to close 25p-30p higher on wheat end 10p-25p up on barley. A good trade was seen in wheat/barley spreads, the mein volume being in barley. Momitog: Three months £721, 22, 23, 22, 21. Kerb: Three months £721, 20. Afternoon: Cash £733, 32, 31: three months £725, 26, 27, 26, 25.5. Kerb: Three months £725, 26, 25. NICKEL Moved sheed se sterling isli away. Forward matol treded around £2,880 in the moming and gained ground to close the late Korb at £2,705 reflecting currancy fluctue-tions. Temover: 198 tonnes.

	WHEA	T	ļ		ARLE
	M nth	Yesterda; close		Yesterda oloce	+ 0
	Sept.	94.50	+0.40		+0.5
	Jan	98.15 108.00	+0.25	95.65 99.45	+0.
	Mar	108.80		102,90 106,25	+0.5
	Buei	ness dos			
		Nov. 98			
1	108.85	108.70. Barlay	Sales:	77 lots	of 10
		5.70. Ja			

Moming: Cash £2,600, 2,595; three months £2,660, 85. Alternoon: Three months £2,708, 05. 95.80-85.70, Jan. 99.60-89.45, Merch 103.05-102.90, May 108.30-106.15. Seles: 277 lots of 100 tonnes.

IMPORTED — Wheat: U.S. Oark Northem Spriog No. 2, 14 par cent, June 92.00, July 92.75, Aug. 94.50 transhipmant East Coast. Maize: Franch July 118.75 East Coast. Maize: Franch July 118.75 East Coast. Sarings Yellow Juna-July 77.00. Berley: English Feed 10b June 97.00, April-Juna 1961, 110.00 East Coast sellars. Rest unquoted. Silver was fixed 18.15p an ounce lower for appet dalivery in the London buillon merket yesterdey at £5.0580. U.S. equivalents of the fixing levels were; apot 514.167, down 43.3c; three-month \$14.462, down 52.6c; olx-month \$14.915, down 37.5c; and 12-month \$15.618, down 35.1c. The metal opened at £6.30-8.45 (\$14.70-15.00) end closed at £6.20-6.35 (\$14.30-14.60).

unquotad.
HGCA—Locational ex-large spot prices. Feed barloy: S. Eest 91.50, S. West 92.80, W. Midlenda 92.00, N, West 90.60.

#### RUBBER

The London ghysical market opened easier, with fair interest throughout the day, closing on a slightly atsedier note. Lawis and Peal reported a Melaysien (buyer, Juna).

3.1 8.5.	Yest'rdays Close	Previous Close	Business Dono
	58.28-88.90 I	68,40-80,58	68.80-58.90
	59.90-80.00	50,48-51,00	69.88
Sout	69,90-60,00	80,50-80,70	68,50-69,60
- Doe	85.40-83.60	64.BD-64.40	64,29-83.00
Mar	68,55-65,65	87,30-57,48	67,90-65,E
-Jno	89,80-69,40	70,30-70,20	69,20 .
Sout	71,90-72,10	72,70-73,20	71,96

Oct-Dec/74.58-74.70 [75.58-76.80] 74.88 Jan-Mar [77.08-77.10 [77.78-77.88] 77.10-76.20 Sales: 282 (237) at 15 tonnas, 9 at S tonnes.

Physical closing Prices (buyer) were:

Spot 5 276(p0.p5)70.

Spot 57.00p (57.25p); July 67.50p

(81.75p); August 62.25p (62.75p).

HIMES — Birmingham: Weaker tendency. Second cleers, Ox 31-35.5 kilos, 26p s kilo windrawn); 28-36.5 kilos, 23.7p (25.1p s kilo windrawn); 22.25.5 kilos, 20.3p (35.5p s kile withdrawn). Light cows 30.5p

## SOYABEAN MEAL

The London merket opened with losses of SOp on severable crog conditions, reports T. G. Roddick. Prices drifted further before relying on

	Close	- '	· Done
Juna	£ pertonno	-0.50	•
August October Occamber.	102,70-02.8 101,80-81.6 105,00-06,3	+0.851 +0.851	01,70-00, 05,60-04,
April	107,80-08,5	-0.50 T	08.58-08.
Sales: 65	(24) · lots	01 100	tonnes

LONDON OAILY PRICE (raw sugar): £310.00 (£330.00) a tonna cit for Juna-July shipmant. White sugar delly price was £330.00 (£350.00).
The market opened with August at £380, sense £15 below its overnight level. Thereafter buyers/sellers were generally well metched throughout the day within a £5 unding renge, reports

v. CZ	I III KOW		
Bugar Prof. Somm- Con-	Yest'rdays Ciose	Pravious Close	Busines
	. 2 pe	r tonne	
wg	861,50-52,75	387.80-92.80 587.05-87.20	585.00-57.0
A. (	-		-
0-1	. 11 772	(7 51R) in	- w E

Balan: 11,738 (7,515) lots of 60 tonnes.

NUMBER 4 CONTRACT—Close (in. order: buyar, sailer only). Aug. 345,00, 348,00; Oct. 381,00, 362,60; Jen. 368,20, 369,00; March 371,00, 371,50; May 368,75, 369,00; Aug. 360,00, 364,00; Oct. 354,00, 360,00. Sailer: 1,965 (1,245).

Ten. and Livis StynBisser price less than and Livis StynBisser price less 354.00, 350.00. Sales: 1,965 (1,245). Tata and Lyic ex-refinary price for granulated basis white augar was £324.7 learns) a tonna for home trada and £451.50 1£470.50) for export. International Sugar Agreement (U.S. cents per pound fob and atowed Caribbean port). Prices for Jung 2: Oaily price 32.81 (34.45); 15-day avarega 32.97 (32.74).

#### COTTON

tiverPool.—Spot and shipment sales amounted to 100 tonnes, bringing the toral for the week so far to 280 tonnes. Minor replanishment buying occupied most of the attention of traders. Business generally was light, centred on North and South American and African ossilities. African qualities.

#### WOOL FUTURES

LONDON NEW ZEALAND CROSS-2REDS—Closa (in order buyer, saller, business, sales). New Zealand cents per kilo. Aug. 377. 385, nil, nil; Oct. 376, 385, 378, 5; Dec. 378, 385, 378, 5; Jan. 378, 385, 382, S; March 382, 380, 285, 383, 5; May 384, 387, 385, 4; Aug. 385, 395, 396, 2; Oct. 385, 395, nil, nil; Oct. 385, 395, oil, nil. Sales: 26, SYDNEY GREASY WOOL—Close (in order buyer, seller, business, sales). ordar buyer, seller, business, seles).
Australian canta per pound. July 485.0 490.0-460.0, 318; Oct. 474.0, 475.0, 478.0-478.0-473.5, 187; Dag. 474.0, 475.0, 478.0-473.0. 178: March 476.0. 477.0. 480.0475.0, 178: Merch 476.0, 477.0, 480.0, 475.0, 480.0, 479.9, 477.0, 36: July 480.0, 481.0, 483.0, 483.0, 1; Oct. 482.0, 485.0, 482.0-482.0, 8; Dec. 483.0, 487.0 — Safes: 758.

JUTE—June/July c and 1. Dundee: 8WC £214, 8WD £186, BTB £285, BTC £226, BTD £193. Antwarp June/July: 8WC \$481, 8WD \$410, BTB \$630, BTC S529, STD \$459. Jute goods c and f Dundes: June 40 inch 10 curve £13.21, 40 inch 7.5 curve £10.28, "2" Twills

MEAT/VEGETABLES SMITHFISLD—Fence per pound. Beef; Scottleh killed sides 87.0 to 73.0; Eira hindquerters 83.0 to 88.0, forequerters 45.0 to 45.0. Vesi: Outob hinds and

#### PRICE CHANGES

Metals Alaminium	nth 90
Aisminium 2919/15 Freo Mkt 61690/1730 8178 Copper 2893 + e.e 2897 Cash w bar 2893 + 1,75690 Cash Cathode 2867 + 0,56208 3 mthe 2891 - 0,5841 Cold troy oz 8555 - 5,6 55	· .
Free Mkt \$1690/1720   \$170 Copper   2893   +c.e 287 Cash w'ber   2893   +c.e 287 Cash Cathode 2867   +1,75690 Cash Cathode 2867   +0,55626 3 mths   2891   -5,64   55	/815
Copper	0/1e
Cash w'ber 2895  e mths 2914.85 +0.50289  Cash Cathode .2867  8 mths 2891  Cold troy oz 8555  -5.6   55	
Cash Cathode .2867 8 mths .2891 -0,594' Gold troy oz .8655 -5,6   55.	7,e_
8 mths 2891 -0,594 -5,6 65.	5.25
Gold troy oz \$655 -S.e 65.	e.e
	0.5
e mthe	7.75
MINTEL PX PXS 5	35
Freemkt(oif 0b 365/265c 286/	305a
Platte mtr'y oz £189-195 £18 Free mkr £884.15 +8.46 £24	9/195
Free mkt E864.15 +4.46 E84	5,35
Quioksil'vert \$390,400 \$38 Silver troy oz 60e,80p -18,15 ess	RDa,
5 months 60e.80p -18.16 ess 5 months e82p -17.46 e73	30p
a mourne least	
Tin Cash  27,490  +16  27,	710
3 mths	155
	4,50
Wolfrm 22,84 (be \$188/166	
Zino cash 2297.60 +1.5 229	9.7e
	VB25
	1020
Oils Coopert (Phin 5615s	-
Linsand Crade, 8404	
Paim Malayan, \$55500 \$55	
Seeds	
Copra PHIIIp848010 556	D
Soyabeen(U.S.) \$261 4.8 \$96	6,60
Grains !	
Barlay Futures \$85,65 +0.15 \$91	.15
Maize	
French NoSAM : :	: '
Wheat	
No. 1 Red Spg. :	
NoPhardWint:	

Commodities
Coops shipt...\$1,135
Future 3opt., \$1,0815
Future 3opt., \$21,0815
CoffeeF1'8ept.\$2784.5
Cotton A.index 85.30e
Rubber (kilo)...\$2510
Wooltp's 64s kil 99Sp kilo.....\$2582 u Juna. a Juna/Juty. w Aug. z Juty. z Indicator. § Ruyar. ‡ Per 276-lb flask.

ends 102.0 to 104.0. Lamb: English amell, new sesson 74.0 to 80.0. Imported frozen: NZ PL 60.0 to 50.5, PM 58.0 to 58.5. Pork: English, under 100

16 41.0 to 50.0, 100-120 lb 40.0 to 48.0, 120-180 lb 38.0 to 46.0.

MEAT COMMISSION-Average fet-

ANEAI COMMISSIUM—Average fet-atock pricas at representative markets on June 3. GB—Cattle 83.65p per kg fiveweight (+0.59). UK—Sheep 159.14p per kg edcw (+4.55). GB—Pigs 67.49g per kg liveweight (+2.65).

. COVENT GARDEN-Prices in sterling

Tesmanien: Jonathans 8.20-8.50, Golden Deficious 7.30-7.50, Crofton 8.50, Sturmer Pippins 8.00-8.50; Chilean:

Sturmer Pippins 5.13-8.50; Chilean: Granny Smith largs boxes 125/150's 7.50; S. Alrican: Golden Delicious 8.00-9.40, 6terking 7.30-8.50, White Winters 125/180's 8.70-7.00; Granny Smith 8.00-8.30; Argentine: Red Oolicious 8.80; Dutch: Golden Delicious, boxes 40 lb

## COPPER OECLINEO on commission house selling taking its direction from the precious matels. Commission

AMERICAN MARKETS

railied on commission house short-covering prempted by lack of followcovering prempted by lack or follow-through selling. Cotton was mixed in quiet frada. Maixs and soyabosns wars higher in imgroved crap progress. Wheat posted gains due to increased export business. The livestock com-

(74.4), March 88.9 (87.7), April 98.0.
Sales: 450.
Tin—778.00-790.00 sakad (788.00.
Aug. 21.50-21.52 (21.33), Sapt. 21.80, Oct. 22.05-22.00, Oec. 22.40-22.35, Jan. 22.55-22.50, March 22.90, May 23.25,

Feb. 40.25-40.30, April 39.60, Juna 42.80, July 43.80. \$\pm\$\text{#Maize} = July \( 275^\text{-}\)\_275\( 275^\text{-}\)\_3 (273^\text{-}\)\_3 (273^\text{-}\)\_4 (282^\text{-}\)\_4 (302^\text{-}\)\_5 (28.20), Pork Bellies = July 28.75.29.05 (28.20), Aug. 28.70-28.85 [28.02], Feb. 41.90, March 41.90, May 42.4

Aug. 28.70-28.65 [28.02], Feb. 41.80, 41.90, March 41.90, May 42.45, July 43.25, Aug. 42.65, 150yabsans—July 618-819 (615%), Aug. 627-629 (622%), Sapt. 634-635, Nov. 647%—649, Jan. 663-662%, March 678%, May 692, July 699, [Soyabsan Meal—July 168.7-169.2 (168.3), Aug. 171.5 (171.1), Sept. 174.4-174.5, Oct. 177.0, Oac. 121.5-161.3, Jen. 183.3, March 187.3-187.5, May 181.0-181.5, July 194.0-194.5, Aug.

CHICAGO, June 3.
Lerd—Chicago loose 17.50 (seams).
New York prims steem unavailable.
Chicago lower Gold—June 557.00558.00 (566.0), July 562.00 (571.0),
Sapt. 575.00-573.50, Oct. 579.00, Dac.
Spl. 00-592.00, Jen. —, March 608.50,
April 514.00. April 514.00.
Live Cattle—June 64.57-64.60 (64.27),
Aug. 63.50-63.35 (63.87), Oct. 62.3562.25, Occ. 63.65-63.55, Jan. 64.30, Feb.
64.70-64.50, April 65.15-65.10.
Live Hoge—June 32.50-32.75 (32.57),
July 34.20-34.25 (33.90), Aug. 33.5033.40, Oct. 34.35-34.15, Occ. 37.20,

#### **EUROPEAN MARKETS**

ROTTEROAM, June 3.

Wheet—U.S. No. 2 Rad Winter July \$177, Aug. \$180, Sapt. \$181. U.S. No. 2 Northem Spring, 14 per cant, Juna \$191.50, July \$192.50, Aug. \$195. Ocr. \$199, Nov. \$202, Dec. \$207. Reat unquoted.

Malze—Spot \$144, Juna \$135.25, July \$136.25, Aug. \$138.50, Sapt. \$140. Oct. Oct. \$144, Juna \$135.25 at all oct. PARIS, Juna \$27.50 at all oct. \$221, July \$222, Nov.-March \$245. \$138.25, Aug. \$138.50. Sapt. \$140. Oct. \$144, Jun.-March \$152.50 at all oct. \$1 Sapt. \$196, Ocr. \$199, Nov. \$202, Dec. \$207. Reat unquoted:
Maixs—Spot \$144, Juna \$135.25, July \$136.25, Aug. \$138.50, Sapt. \$140, Oct. Osc. \$144, Jan.-March \$152.50 sallam, Juna \$135 tredad.

Rarley—Juna \$143.50, July \$145.75, Aug. \$148.

Royabeans—U.3. Two Yellow Gullports affoat \$265, May \$257, Juna \$256.50, July \$257.25, Aug. \$259.50, July \$257.5, Sapt. \$256.275, Oct. \$284.50 sellars, Nov. \$264.50, Occ. \$270, Jan. \$273.75, Fab.

Gocoa (FFr per 100 kilos)—July 1050, Seot. 1045-1050, Dec. 1070-1075, March. 1085-1115, May 1120-1140, July 1130-1150. Sales at cell 0, Sugar (FFr per 100 kilos)—July 3210-3290, Aug. 3305-3315, Oct. 3425-3430, Nov. 3405, Occ. 3515-3530, March 3635-3650, May 3605, July 3670, Bales at call 37.

#### INDICES DOW JONES FINANCIAL TIMES Jun 2 May 30 M ath ago Year ago Spot ... 414.28429.64 404.06408.81 F'tur's 448,34448,54 416,96407.16 285,30 268,23 276,59 284,93 (Average 1924-25-26-100). (Base; July 1, 1952-100) MOODY'S REUTERS June 5 June 5 Minth ago Year ago Jun 8 |May 50|M'mth ago Year ago 1678.6 1594.1 1702.8 1685.7 1124.8 1112.7 1119.6 1070.1 1December 31, 1931-100) (Base: September 18, 1931-100)

COVENT GARDEN—Prices in sterling pay package except where otherwise estated: Imported Produce: Orangas—Jaffe: Valencia Lates 50/189'a 4.15-5,60; Egyptien: Valencia Lates 75/125'a 2.50-260; Moroccen: 54/113's 3.80-4.80; Arizona: Volencia Late 72/113's 4,90-5.70; Outapan: Nevels 3.80-4.30. Lemota—Italian: 100/150'a 4.20-4.50; Spenia: Trays 25/45's 1.80-2.30, boxes 4.80-5.50; Outapan: Boses 4.80-8.20, Iraye 2.50-2.80. Grapetruli—Cyprus: 20 kg 4.50-5.00; Jaffa: Boxes 40/56'e 4.80-5.30; Outspan: 3.95-4.55. Apples —New Zerland: Sturmer Pippins 8.20: Tesmanien: Jonsthans 8.20-8.50, Golden Apricota Spanish: 2.50-4.00. Grapes
—S. African: Berlinka 7.80, Golden
Hill 8.00, Almeris 8.00: Cirilean:
Emperor 5.70. Strawberries—Per
punnet, Italian: 0.25-0.30; Sganish: 0.30. Cherries—Per pound, French: 0.80; American; 1.00. Melons—lereeli: Gelta 8.00; Sgenish: 8/11's 5.00, Ogena 4.50, Mariane 8 kg 2.50. Water Melons—I sraeli: 2.00; Spanish: 4.00-4.50. Avocados—S. African: 3.40-3.50. Bananas—Jamaican: 22 lb. par pound 0.19. Tomatoes—Durch: 4.10-4.20; Gusmaey: 4.00-4.30; Jersey: 4.00-4.20, Onions—Dutch: 6.30: Sganleh: 5.50; Egyptien: 6.30-6.50, Potatoes—Cyprue: New crag 20 kg 3.80; Jersey: Per pound 0.14; Velencle: 44 lb 3.00; Mejorcan: 44 lb 4.50-4.60; Graek: 3.60-3.60, Cerrots—Franch: 4.60; Graek: 3.60-3.60, Cyprus: 3.40. Bestroots—Cyprus: New crop, sparey, 28 lb 3.40; Italien: 2.50. Cabbages—Dutch: White 2.60-3.00, Asparagus—Hungerian: Per pound 0.30. Courgettes—Franch: Par pound 0.30. French: Golden Delicious, boxes 40 lb 138/198's 4.80-5.00, 20 lb 3.10-3.30; Italien: Jonethens/Roines 40 lb 5.40; Winesspa S.00, Pears—S. Alrican: Apprex. 25 lb Seurra Soc. 7.20-7.50, Packham's 8.60-9.20; Italien: Pessecrasspa 12 lb 4.90-2.10; Victorian: Josephines 8.50-10.00, Packham's 9.50-10.50, Winter Nolis 9.30-8.50; South African: Winter Nolis 7.50-8.00, Pacches—Spenieh: Yellow fiesh 2.50-4.30.

English Produce: Potatoss—Per bag 2.20-2.30; Mushrooms—Per pound 0.65-0.70. Apples—Per pound 0 ramley 0.10-0.18. Strawberries—English per 3 ib 0.20-0.25. Greens—1.50. Cabbages—Per bag 2.20. Cauliflowers—Per 12's English 3.00-4.50. Cucumbers—Trays 3.80-4.20. Lattuce—Par 12 round 0.50. 0.50. Rhuberb—Per pound outdoor 0.06. Onlons—Per bag 8.50-7.00. Beet-roots—Per bag. round 1.50, long 2.00. Celery—English 12/30:s 4.20-S.00. Asparagus—Per pound 0.80-1.00.

GRIMSBY FISH — Supply moderate, demand poor. Prices at ship's oids (unprocessed) per stone: Sholf cod. £4.00-£5.00, codlings £3.00-£3.80. Large heddock £3.60-£4.20, madium £3.60-£4.00, smell £2.60-£3.40, Large plaics £5.00-£5.50, modium £4.80-£5.50, best smell £4.00-£5.00. Skinnad dogsish (large) £71.00, (modium) £9.20. Lemon soles (large) £8.00 (medium) £7.50. Rockfish £2.50-£3.00. Rede £2.50-£3.00. Saithe £2.00-£2.50.

## Hint of change in strict monetary policy lifts markets Gilts rally well and 30-share index rises 7.3 to 420.0

Options

\*First Declara- Last Account Dealings tions Dealings Day May 12 May 28 May 30 June 9 June 2 June 12 June 13 June 23 June 16 June 26 June 27 July 7

The possibility of a change in the Government's strict monetary strategy instigated a sharp aboutturn in London stock markets yesterday. Overnight considera-tion of the proposed EEC deal prompted a slightly more optimistic appraisal of the chances of an early reduction in Minimum Lending Rate and the Gilt-edged market, in particular, was later enthused by the Prime Minister's remarks relating to the reduced EEC contribution, the Public Sector Borrowing Requirement and interest rates. A small hut persistent demand throughout the session for Giltedged securities brought a good early recovery. Tha tempo of business iccreased just before the close and in the after-hours trade following Mrs. Thatcher's statement, but subsided almost as quickly and the longs settled higher, after a point in some cases. Thus, most of the previous day'a loss, prompted in part by fears of the likelihood of the new medium tap overhanging the market was regained. The rally

**EQUITY GROUPS** 

& SUB-SECTIONS

stocks per section

Engineering Contractors (11)

Mechanical Engineering (74).

Metals and Metal Forming(16): CONSUMER GOODS

(DURABLE) (49) \_\_\_\_\_\_ L1. Electronics, Radio, TV(14) \_\_\_ Household Goods (14) \_\_\_\_\_

Motors and Distributors (21)...

Entertainment, Catering (17)... Food Manufacturers (21)....

Packaging and Paper (15)

Tobaccos (3) \_\_\_\_\_ Toys and Games(5) \_\_\_\_ OTHER GROUPS (99) \_

Office Equipment (6) ..

49 INDUSTRIAL GROUP (492)

Discount Houses (10). Hire Purchase (5).....

insurance (Life) (10)... Insurance (Composite) (9) . Insurance Brokers (10).....

Merchant Banks (13)...

Investment Trusts (109)

Militing Finance (4) ..... Overseas Traders (19) .

99 ALL-SHARE INDEX(750)

FINANCIAL SROUP (118).

500 SHARE INDEX

Banks(6)...

CONSUMER GOODS

Wines and Spirits (5).

Breweries (14)

Stores (42)\_\_

(NON DURABLES) (172)

CAPITAL 6000S(172)

ment and closing quotations for the leaders were matching the day'a best. The FT 30-share index, as a result, settled 7.3 up

on the day at 420.0, its biggest single-day rise since February 28. South African mining shares sustained a sharp setback following the bombing attacks on the Sasol oil refinery plants. The downturn, however, mainly reflected precautionary marking down by jubbers, but the FT Gold Mines index still finished 18.2 lower at 321.6.

#### Ottoman below best

Demand for Traded options continued to improve and 1:020 deals were completed, the first four-figure total since mid-April. Shell attracted 247 contracts, while other active issues included Courtailds, Grand Metropoiltan and Land Securities. Restaurant concern; Kennedy

Brookes, staged a successful market debut; placed at 60p, the shares opened at 63p and, in a very restricted market, being dealt under a special rule, advanced to 74p.

Speculative support again

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries

and the Faculty of Actuaries

Tues., June 3, 1980

19.54

14.11

25.53

21.76

23,20

16.33

12.59 31.33

19.59

19.39

20.97 14.14

23.36 26.47

29.12

45.90

21.40

22.00

46.52

-15.99

34.47

nd 201. 1960 to date

437

4.82

4.81

.630

458

16 20-yr. Red. Deb & Loans (15) | 51.42 | 14.39 | 51.40 | 61.41 | 51.49 | 61.33 | 61.27 | 51.31 | 51.29 | 60.26 Investment Trust Prefs. (15) 47,75 14,14 47,68 47,68 47,68 47,68 47,82 47,64 47,64 47,64 52,41 Coml., and Indl. Prefs. (20) | 61,80 | 14,60 | 51,80 | 51,80 | 61,90 | 61,97 | 61,87 | 21,87 | 21.77 | 73,90

† Redemption yield. Highs and lowe record base dates and values and constituent changes are publish Saturday larges. A list of the constituents is available from the Publishers, the Financial Times. Bracket F. Cannon Street, Lundon, EC4P 48Y, price 15p, by post 25p.

0.55

013

+0.3 16.27

+0.5

+0.8

+0.9

+03

+21

Day's Change %

+0.4

+1.2 +0.7

+0.5

+1.1 +1.4

+0.1 +0.6

+0.7

+0.8 +2.6

+3.0

+0.7

+0.5

224.41 221.68

148.81 149.70

94.35 95.58

209.74

264.68 280.95

301.34 187.19 301.01

407.09 122.65

203.02 118.76

197.89

187.75

210.51

192.09

183.70

124.51 295.02

105.89

215 14

183.75

FIXED INTEREST PRICE INDICES

Tues., June 3

103,72

188,22

112.53

128.18

107.57

Day's change %

18.36

+0.57

+0.52

+8,27

+8,47

Est. Gross Earnings Div. Yield % Yield % (Max.) (ACT at 30%)

7.15 7.39 7.12 4.26 9.71 8.81

10.91

461

7.21 7.87

6.07

7.68

7.35 8.38 7.08 7.10

7.31 7.62 5.22 6.93

8.64 7.38

5.96

7.41

6.38 5.37 7.38

FrL May 30

6.30 6.28 4.29 1.19 4.92 5.62 5.17

10.17 3.77 4.86

222.42

337.10

586.37 265.05 147.64

147.86

284.24 94.21

6.18 207.30 6.88 263.67 6.35 276.92 6.60 294.54 5.60 185.66 8.38 293.55 5.78 407.02 4.60 119.97 8.51 201.39 4.31 117.98 6.45 134.77 5.36 207.08 6.45 134.77 8.52 91.38 5.20 96.57 8.62 491.44 6.85 297.38

216.70 +13 19.08 7.37 6.35 213.95 215.74 216.07 216.16 251.26

771.74 +0.2 29.90 6.68 3.69 770.00 749.74 742.60 750.13 676.40

260.39 +1.0 21.49 7.22 5.46 257.69 257.64 257.61 254.25 285.76 - 195.48 - 2.64 207.52

8.69

125.58

205.17

8,78 360.13

39.17 302.34 307.72 6.23 125.36 125.36

Wed. May 26

Ł	OND.	ON	TR	ADE	0	PTIC	DNS	
	<u></u> .	Jų	ly	1 00	t.	1 4	an.	
Option	Ex'rcise price	Closing offer	Vol.	Closing offer	Vol.	Closing	Vol.	Equity close
BP BP BP Com. Union Coms. Gold Cons. Gold Cons. Gold Cons. Gold Courtaulds GEC GEC GEC	300 330 360 180 140 460 500 650 70 80 330 360 390	56 34 171 <sub>2</sub> 14 3 58 28 13 3 3 1	100 100 6 22 23 1 104 	66 46 - 33 20 9 80 54 32 15 6 31 <sub>2</sub> 46 27	10 4 4 	82 64 46 24 13 90 54 46 	"   1   2   3   1   3   3   3   3   3   3   3   3	346p 129p 460p 66p 349p
Grand Met. Grand Met. ICI ICI ICI ICI ICI ICI ICI ICI ICI IC	130 140 360 360 330 360 360 360 390 420	24 15 15 25 11 21 70 41 18 6	19 51 11 70 50 52 25 1 43 118 30 264	15 25 15 54 34 15 21 <sub>2</sub> 80 52 30 15	5 17 5 	181 <sub>2</sub> 324 66 422 9 65 44	- - - 1 9 - 19	358p 358p 328p 391p
Imperial Gp. Imperial Gp. Lonrho		10 3 71 <sub>2</sub> 31 <sub>0</sub>	-	11 41 <sub>2</sub> 10	15 1 32	14 74 134 8	= 1	76p 80p

technical and professional at high of £70 before reacting on first, demand became more profit-taking to close only a ganuine after the early improved the statement of the state where, the major clearers made heity given to a broker's favour-able circular, both Lloyds and Midland hardened 5 to 295p and 325p respectively. Among merchant banks, Wintrust rose

in the shorts finally extended to arose for the overseas Ottoman Bank ahead of possible developments at tomorrow's annual meetawo weeks, the equity leaders ing and, in busy trading, the staged a useful recovery. Largely shares price moved up to a 1980 improved 3 to 66p, while shares price moved up to a 1980 improved 3 to 66p, while Engineerings made useful prospections. Letraset rechnically arose for the overseas Ottoman Bank ahead of possible development and acquired Decca.

Emerging from their recently and BET rose 5 to 123p and expressed levels, leading sideration of its North technical and professional at high of £70 before reacting on the overseas Ottoman Bank ahead of possible development and acquired Decca.

Emerging from their recently depressed levels, leading sideration of its North technical and professional at high of £70 before reacting on the overseas Ottoman Bank ahead of possible development and acquired Decca.

Emerging from their recently depressed levels, leading sideration of its North technical and professional at high of £70 before reacting on the overseas Ottoman Bank ahead of possible development and acquired Decca.

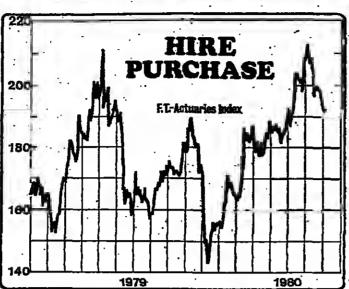
Emerging from their recently depressed levels, leading sideration of its North technical and professional at high of £70 before reacting on the overseas Ottoman Bank ahead of possible development and acquired Decca.

Emerging from their recently depressed levels, leading sideration of its North technical and professional at high of £70 before reacting on the overseas Ottoman Bank ahead of possible development and acquired Decca.

Emerging from their recently depressed levels, leading sideration of its North technical and professional at high of £70 before reacting on the overseas of the overseas Ottoman Bank ahead of possible development and the overseas of the overseas Ottoman Bank ahead of possible development and the overseas Ottoman Bank ahead of possible development and the overseas Ottoman Bank ahead of possible development and the overseas Ottoman Bank ahead of possib first, demand became more profit-taking to close only a point results today, hardeoed a penny ganuine after the early improve better on balance at £64. Else to 87p

ICI, a poor market of late on sterling influences, rallied progress on tachnical influences. sterling influences, rallied Still penefiting from recent pub smartly on bear closing to close 10 up at 360p. Store leaders reflected the

generally firmer trend, although actual trade was often thin. Debenhams attracted speculative 3 to 67p; while Antony Gibbs support and rose 3 to 73p, while closed a similar amount dearer at House of Fraser, 140p, and



declared unconditional

Firmer conditions returned to Composite Insurances, although the volume of business was small. Commercial Union improved 3 to 130p and Ragle Star edged forward 2 to 172p. Brewerles revived with Whit-.

bread 3 better at 143p and Allied annual results expected next Tuesday, a fraction firmer at 751p. Among regional issues, renewed speculative demand lifted Davenports 5 to 116p, while interest was also shown in Eldridge Pupe, a similar amount up at 317p. Among Wines and Spirits, Distillers added a couple of pence at 186p, but other issues turned lower in belated responsato adverse Press comment. Arthur Bell, 173p. and Tomatin, 163p both gave up 3, while Amalgamated Distilled Products

Amargamatea Institute Products
shed to 25n
Leading Buildings edged
higher, Costain improving 4 to
132p and Blue Cirle hardening
2 to 316p. Leaden Brick added
a penny at 71p. Secondary issues plotted an irregular course. Dereck Crouch stood out, rising 17 to 135p in a limited market

Wed. May 28

index .No.

224.44

34L72 587.81 587.63 264.11 264.96 149.59 158.22

145.90

291.95 96.55

210.17

294,62 294,28 186,82 293,15 410,88

122.88

267.AL 267.44

205.27 206.21

3%.ZI 197.94

180.83

247.15 334.61

124.37

304.96 319.28

363.65 654.60 143.46 250.54

246.65 76.99 216.63

35.21 232.95

May 29

224.08 223.59 339.14

144.10

290.65

292.92

186.56

292.18 409.45

203.57 205.27 205.21 123.59 124.26 122.25 195.50 196.01 196.01 26.25 26.31 26.40 195.66 195.47 194.64 208.16 208.92 208.27 104.09 179.75 175.38 99.77 100.04 100.47

496.25 231.94

194.60 194.70 194.12 206.81 205.88 205.55

183.54 194.66 136.76 124.65 124.35 125.58

294.04 295.51 106.37 187.34

18.48 18.44 34.37 34.74

127.24 128.74 125.90

June 2

12 33

12.23

12.28

14.21 13.99

13.83

1433 1431

14.22

11.0 11.6 11.13

290 (200-0%)

9.88

10,37

11.57

12.67

11.86

.1245

1239

Index '

221.5

334.% 584.83 264.74 144.58

292.30 94.95 96.74

267.51 282.66

295.21 136.12

293.61 407.17

203.57

490.09 238.76

- 25.61 251.53 261.13 263.55 7.98 191.51 197.96 198.15 198.66

294,30 185,98

359.05

- 21A.76 216.61 216.98 217.86 222.29 8.38 179.89 117.12 186.65 136.44 136.69

12.25

12.71

12.21

14.05 13.89

14.13

1424

14.14

Fri. May 23

Tues. May 27

Hongkong and Shanghai's: Mothercare, 228p, both added 2. for the latter has been UDS held at 65p, despite the chairman's cautious remarks on current trading. Selected secondary counters met with huyers and ended with modest gains. Owen Owen added a couple of pence at 126p, while Currys rallied 3 to 170p. Time Products, annual results today, picked up 11 at 661p and Selin-

court firmed a fraction to 15tp after the annual report. Revived interest was shown in Lee Cooper 10 higher at 2030, but the effects of the full-year loss were still apparent on Cope Sportswear, down another penny at 19p.

#### Electricals recover.

Speculative Electricals, dull recently after adverse comment. attracted renewed support and closed with gains to 14. Farnell rose that much to 260p, while similar rises were seen in Electrocomposents, 493p, and United Scientific, 493p. Unitech added 6 at 268p. The leaders also made useful headway. GEC, 348p, Thorn. 264p, and Plessey, 140p, all added 4. while Racal picked up 3 to 234p following the chairman's announcement of West Consolidated Minerals subsidiary on Thursday will be a success helped Dundonian put on 6 to 81p, after 82p. Still reflecting the chairman's encouraging annual statement, for a two-day rise of 15 at 144p, while a resurgence of speculative support lifted Marshalls the chairman's announcement of Universal 6 to 72p and Booker closed with gains to 14. Farnell

Stock

Burmah Oil .....

Marks & Spencer

Premier Cons. ...

Reed Inti. ........ Shell Transport...

Beccham .....

Tricentrol ...... 25p

LASMO NatWest Bank ...

gress in sympathy with the general trend. Largely on technical considerations, GKN picked up 4 to 234p and Hawker closed a similar amount better at 162p, after 164p. Tubes edged forward only 2 to 242p, as did Vickers to 1091p. Elsewhere, Northern Engineering Industries hardened 11 to 39p in response to Press coment and Francis

Industries gained 2 to 60p following the chairman's encouraging remarks at the annual meeting. A particularly weak counter of late following the Board's recent forecast of substantially lower half-year profits. Bahcock International ralked 3 to 79p, similar improvements were established by James Neill, 49p, and Renold, 59p. Wadkin, however, provided an asolated dull feature, falling & to 87p on lack of support.

Foods were featured by J. Sainsbury, which rose 10 to 355 following the annual report and £132m property revaluation.
Other Retailers made progress
with gains of 4 common to
Associated Dairies, 170p, Fitch
Lovell, 70p, and Linfood 129p.
Elsewhere, Bernard Matthews
advanced 15 in 190p in a thin market, while Somportex gained

10 to a 1980 peak of 150p.

Renewed investment buying litted Grand Metropolitan 5 to 135p and Trusthouse Forte 3 to 171p among Hotels and

#### Reed Int. jump

Misceulianeous industrial leaders took a distinct turn for the better when, aften an initial mark-up, prices were pushed higher by revived investment support. Closing gains ranged to 9 although Reed International. at 176p, scored an above-average rise of 13 following the satisfactory preliminary profits. Unilever put on 9 to 428p, Glavo added 5 to 194p, while Becham, 119p, Bowater, 165p, and Turner and Newall, 95p, all rose 5. Else-where, De La Rue advanced 25 645p in response to the better-than-expected preliminary results, and Sketchley gained 6 to 239p, after 240p, for a similar reason. Buying on hopes that the group's flotation of its South West Consolidated Minerals subto 523p and 325p premium

In Overseas Traders, Harrison

Milford Docks found support and ended 15 up at 135p.
Selected stocks attracted interest among recently lack-

ustre Textiles, John B. 3 to 22p in front of Friday's annual figures, but satisfactory results helped Parkland, 34p, and Atkins Brothers (Hosiery). 43p, improve 2 apiece. Sirdar encountered fresh speculative support and rose 6 to 84p. The recent outbreak of civil

added 4 to 126p on the results depressed levels leading sideration of its North Sea oil Engineerings made useful profrom recent weakness with a

> half-yearly results lifted Pleasurama 7 to 150p. Among Wright rose 5 to 75p in a restricted market.

> 5 up at 463p. Elsewhere, Transparent Paper jumped 7 to 46p in reply to better than anticipated preliminary results.

> A couple of pence firmer awaiting the half-yearly results, MEPC moved ahead to 205p on the announcement of sharply increased income, before settling at 204p for a net gain of 3. Other Properties took a firmer line, having been subdued of late; the Prime Minister's bint of lower interest rates gave a little extra impetus late. Land Securi ties finished 3 higher at 338p, while Great Portland Estates added 4 at 230p. British Land picked up 3 to 77p and Berkeley Hambro hardered 5 to 1950 Elsewhere, Rush and Tempkins a rising market of late on bid rumours, lost 4 to 204p, after 200p, on the Board's denial of a hid approach. Mountview Estates eased a penny to 128p awaiting today's preliminary

Oils met with a hrisk two-way-husiness. British Petroleum, first-quarter figures tomorrow, touched 3480 before reverting to 344p, unaltered on balance, while Shell finished a couple of pence firmer at 390p, after 392p.
Tricentrol, 354p, and Ultramar,
352p, ended marginally lower,
while Lasmo, a rising market of late on the chairman's reassuring remarks about Ninian Field production, eased 10 to 670p. Century put on 7 for a two-day gain of 18 to 172p in response to the sharply increased annual profits and 100 par cent scrip issue. Renewed speculative suppoint lifted Aran Energy 16 to 420p, after 424p, and Attock 10 to 278p, while Siebens UK advanced 40 to 950p, the lastnamed ahead in today's spare. split. Clyde continued to attract huyers, the Ordinary and New Nil Paid shares adding 15 apiece

#### Golds under pressure

pence to 32p.
Shipping turned firmer. P&O
Referred added 2 at 11p, while

rise of 6 to 1140. Buying ahead of tomorrow's other Leisure issues, Norton and

Newspapers often trended firmer and Daily Mail A closed

#### Oils lively

and Crossield, at 712p, regained an initial fall of 12 which followed the slightly disappointing pre-liminary statement. Thomas Borthwick, dull of late on the first-helf descrit and passed dividend, rallied a couple of nence to 32p.

cales fell

	June 3	Jume 2	30 ·	29 29	May 28	May 37	A YOUR
Government Secs	67.47	67.11		67.87		68,39	79.00
Fixed Interest	68.20	68,12	58,42	68,43	68,38	68.38	78 1
industrial	420,0	412.7	415.9	417.6	416.6	420.0	509.3
Gold Mittes		339,8	352 8	384.4	332,3	317,7	203.2
Ord. Div. Yield	8,55	. 8,69	8,65	8,61	8,59	8,53	5.77
Earnings, Yld. % (full)		21,09	20,95	20,89	20,93	20.78	15.24
P/E Ratio (net) (*)				5,80			
Total bargains	19,965	19,195	20,270	18,361	20,099	18,079	-
Equity turnover £m		94.00	116.24	92.66	96.27	100.00	71.68
Equity bergains total	'-	14,874	16,716	13,763	13,871	18,375	11.708

10 am 417.2 11 am 417.2 Noon 419.1. 1 pm 420.0 2 pm 420.0. 3 pm 419.3.

sale 100 Govt. Secs. 15/10/28. Fixed 1st. 1928. Industrial Ord 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

#### HIGHS AND LOWS

	19	180 _	Since Compilatin		fuge		Julia	
	High	Low	Kigh .	Low	- 10-10-1	-		
Govt. Secs.	69.25 (21/1) 69.61 (21/1) 478.8	63.85 (7/6) 64.70 (16/6) 406.9	127.4 (8/1/86) 150.4 (28/11/47) 258.6	49.18 (6/1/75) 50.55 (6/1/75)	Delly Gilt Edged	109.1 45.6 78.0	180 p/	
Sold Mines	(15/2) 377.9 (29/2)	(3/1) 265.8 (18/3).		(26/8/48) - 43.5	5 day Av.go. Gilt Edged Industrials Speculative. Totals	108,1	1003	

unrest in South Africa and news

down sharply at the outset and continued to lose ground 585p.

throughout the day following London issues fell away by persistent, although generally small-scale, selling from local and international sources. Heavyweights sustained losses

ranging to around £1; as in West Driefontein, £36; Free State Geduld, £227, and Western Holdings, £27

stocks abowed Harmony 68 off at 835p, and Welkom and Doorn-

unrest in South Africa and news of labour trouble at the Sill at 535p and 610p respectively fontein gold mine put the gold. The weakness of Golds south sharemarket under pressure over into Financials where Gold Sentiment was further upset by Fields of South Africa was a \$5.50 decline in the bullion heavily sold and were finally price to \$553 an ounce.

Share puices were marked up £11 at £351 and Angles fontein around 50 cheaper a

losses were by no means a severe as those in South African Gold Fleids dipped 10 to 400 The labour troubles encounaged after 460p, and Rio Thuo Linheavy selling of Shifontein, 5 to 365p; the price shown which dropped 30 to 770p. RIZ in Tuesday's issue of Heavyweights sustained losses incorrect.

A further lively two-way trade was reported in Australians. The reflecting the trend in overnight domestic markets, but subse quently rallied strongly after hours led by the oil sector

#### **NEW HIGHS AND** LOWS FOR 1980

NEW HIGHS (30) BUILDINGS (1)

Crouch (O.) Novo Inds. 2 Novo Inds, 8
FOODS (3)
Matthews (B.) Somported
Sainsbury (J.)
INDUSTRIALS (5)

Dares Estates SHIPPING (1) Fisher (J.) OIL & GAS (13) Siebens U.K.

Aran Eoersys
Attock
Berkeley Expirits,
Century
Civde Petroloum
LASMO

OIL & GAS (13)
GAS (13)
Siebens U.X.
Uitramer
Do. 70c Com
Weeks Petrolo
Do. PM, Ord
Woodside

NEW.LOWS (54) Arrow Chemicals Haisten STORES (4) Comet Radio Rossim
Cope Sportswear Walker ()
ELECTRICALS (1)

MOTORS (S)

## RISES AND FALLS

YESTERDAY

British Punds	Up Down Same
Corpns. Dom. an	d
Foreign Bonds .	
Financial and Prop	
Plantations,	4 4 18
Others	61 36 48
Totals	632 404 1,395

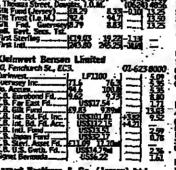
Standard Chartered Intl. Bd. Fd.

Strievest Trust Managers Ltd.

79

#### UNIT TRUST SERVICE

## **OFFSHORE**



Samuel Montage List: Agents

114, 0id Smart St. Et 2. 01-586-664

Apolio Fd. May 27 \_\_SF90 35 54-57 126

Janest. May 30 \_\_HIST 14 19,05 126

117 Group April 50 \_\_HIST 15 106 2 256

117 Levery May 14 \_\_SS40 6.25 210

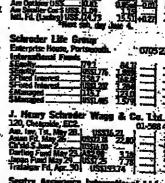
117 Jray 0's blay 21. ESS5 6.25 3.04

Negit Ltd. Back of Berous NAV Feb. 29 ....

N.F.L. International Ltd.
P.O. See 139, St. Peter Part, Gar Spring Deposit. 107.5 SQ. Spring Peposit. 107.5 SQ. Spring Peposit. 107.5 SQ. Sterling Managed. 166.0 SQ. Intl. Parel Internat. 166.0 SQ. Intl. Managed. 166.0 SQ. US\$15.08 [HO.10] \_

Richmond Life Ass, Link
48, Athol Street, Douglas, LO.M.
(x)The Silver Trust 240,8 2
Do. Diamond Bd. 158,8 3
Irish Gik Bond 255,5 1
Sterling Dengel Bd. 113,22 17
Carrillon C.L.T. Bd. 165,7

rust Channel Isl. 1 69.8 73.6 rust Finals M Investments or East Fund of Fd off, (Jersey) on Options (ISS



TSB Unit Trust Maragers' (C.1.) Ltd.

10: Wast St., St. Heller, Jenny (C.Y. U.34 739)

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158 Germay Fund. 48.2 50.7 -0.7 54

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10 Warf SI, Sc. Heiler, Jessy (Cl.) 052473994
158 CH Fand 150 96.0 1438
758 CH Fand 150 9 U.S. Pand Housen'S (C.L.) Los.
14. Makaster Street, St. Relier, Jacob
U.S. Pand 1880 S 101 00 F 216

		FIX	ED	INTEREST	ST	OC	KS			
55 560 583 100	F.P.16/6 F.P F.P.20/6 F.P F.P.27/6 F.P.27/6	95 180 80 73 13 61 110	135 74 63 10 79	Amstrad Cons. Elect. 11Hemardon Mng. 10c Home Farm Prods 10p Home Farm Prods 10p Lancaster (OM) 5p Oakwood Group Peerless	135 77		56.5 56.5	a.g	6.4	10,5 - 5.1
pt rice pt	Paid Up	High	Low	Stock	Price Price	+ or	Div. P. or Amgunk	Obvered	Yleid	Ratio

38	[ 20 2 2 2	1990	Stock .	38	<b> +</b>
1	25 250	High Low	SAUGR .		_
日本の一日本の	F.P. 30/5 N.P. 19/6	1255 12 102 100 4 10pm 7; pm 104 101	Automated Sec. 8% Cny. Uns. Ln. '95	1256 10012 8 pm 102 135e	+1
		"PIG	HTC" OFFEDS		٠.

30   F. P.   1/5   12/6   150   120   120   13	rice	돈음					Stock	<b>10</b>	T .	
20	p‡	49	•	= =	High	Low	- Stock	êr_	Ī-	
	20 25 20 18 54 27 40 18 26 0cts 54 98	NII NII F.P. NII F.P. NII F.P.	30/5 11/6 16/5 30/6 3/6 3/6 2/5	20/6 25/7 13/6 18/7 18/7 27/6	100 328 pm 194 91 <sub>2</sub> pm 31 47 131 188 pm 435 pm 76 36 pm 306	80 5% pm 18 74 pm 27 424 127 pm 190 pm 67 130 pm 194	Olifford's Pairies 'A'.  Clyde Petroleum  East Rand Cons Eleco  First Castie Secs.    Hawley Leisure  Linfood  Lloyds & Scottish  Pancontinental  Bugby Portland Cement.  Ilyermines  Unitech	83 325pm 18 7½pm 29 42½ 130 130pm 310pm 310pm 35pm 268	+15 +15 +1 +2 +3 +2 +3 +2 +3	

Ranunciation data usually lest day for dealing free of stamp duty. b Figures based on prospectus estimats. g Assumed dividend and yield, u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. O Gross. T Figures assumed, i Cover allows for conversion of shares not now tanking for dividend or ranking only for restricted dividends. § Placing price to public, pt Pence unless otherwise indicated. I issued by rander. If Officed to holders of ordinary shares as a "region." I issued by way of capitalisation. § Reintroduced. I issued to connection with reorganisation, marger or takeover. If introduction. I issued to former preference holders. If Allotment letters (or fully-paid). Provisionel contly-paid allotment latters. \* With waternis. If Unlisted security. It issued as units comprising 2 participating prais shares and 1 ord, share at R3.50 per unit, i Dealings under special ruis.

**OPTIONS** 

SUES	
EQUITIES	

ACTIVE STOCKS Denomina- of Closing Chaoge

tion marks price (p) on day £1 10 360 +10 250 9 144 + 7

180 58

elle pt	Amount Paid Up Latest Renund.	High	Low	Stock	Prige Prige	+ or	Div. P. Or Amount	Covered	Vield Vield		
55 60 83 00	F.P. 15/6 F.P. 7.20/6 F.P. 7/6 F.P. 27/6 F.P. 27/6	95 180 80 73 13 51 110	135 74 63 10 79	Amstrad Cons. Elect. 11Hemardon Mng. 10c Home Farm Prods 10p Home Farm Prods 10p Lancaster (OM: 5p Calcwood Group Peerless	135 77 74 11		56.5 58.3	3,2	6.4	10.6	
	FIVED INTEDEST CTOOKS										

## 교 기본의 등교

,	1 F.P.	3/0		_	Norwest Hofst 11% Red Cum Pref 1986		! <del></del>
-	£10 F.P. N.P. F.P.	30/5 19/6 27/6 4/9	102 10pm 104 125s	100 4 7 pm 101 12 -	Automated Sec. 83 Cnv. Uns. Ln. '95 Folkstone & Oistrict Weter 10pc Pref '83 Mid Southorn JOS Red Prf. 1985 MSS Newsag'ts 103 Cnv. Uns. Ln. 1880-2008 North Ent. Props. 233 Cov. Uns. Ln. 1886 North Surrey Water 18pc Pref. 1985	1256 10012 8 pm 102 1256	++
	₹₽	180	High	Low	SIDEK	25	-

#### **DEALING DATES** Deal- Declara- Settleing mg tion ment May 19 Jun. 6 Aug. 28 Sept. 8

Jun. 9 Jun. 20 Sept. 11 Sept. 22 Jun. 23 Jul. 4 Sept. 25 Oct. 6 For rate indications see end of Share Information Service.

A more active business than and Polly Peck, while doubles of late saw calls done in LRC. were arranged in Dunlop, Coral Coral Leisure, Smith Bros., Stil- Leisure and Debenhams.

Mallinson-Denny, Associated Fisherics, Woodslde. Century Oils, Town and City, Lee Conper, Renold, Clyde Petroleum, Whim Creek and Montague L. Meyer. Puts were done in Steaua Romana, Lee Cooper

fontein. Welkom - Southward.

Premier Oil, Attock Oil, Lasmo

Cawoods, Charterhall, Airfix,

#### RECENT ISSUES

	EQUITIES		
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Low		S.F.	O THE DAY

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ô	High Low	Stock	20

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,uce i	5	, n	ate			stock	9- u	_	
p:	₹6	•		High	Low		ŞE.		
30 25 20 18 54 27 40 18 26 10 25 98 80	NII NII F.P. NII F.P. NII F.P.	30/5 11/6 16/5 30/6 3/6 3/6 2/5	12/6 4/7 20/6 25/7 13/6 18/7 18/7 27/6 27/6 13/6	100 328 pm 194 91 <sub>2</sub> pm 31 47 131 188 pm 435 pm 76 36 pm 306	6% pm 18 74pm 27 484 124 127 pm 180pm 57 130pm	Brent Chemicala Glifford's Pairies 'A' Clyde Petroleum East Rand Cons Eleco First Castle Secs. Hawley Leisure Linfood Loyds & Scottish Pancontinental Bugby Portland Cement Rearmines Unitech	130 83 325pm 18 725pm 29 421 <sub>2</sub> 130 130pm 310pm 72 35pm 368 135	+2 +15 +15 +1 +2 +3 -10 +2 +8 +1	

**SERVICE** 

INFORMATION

SIMPLICITY	FT	SHA									
That's BTR	LOANS—Continued										
BRITISH FUNDS    1990   Stack   Price   + or   Incl.   Incl.     Incl.   Incl.     Incl.   Inc	85   795   FFRUK First of the 20-2   84     6   715   50   64   60.2   81-84   76   81   90   80   90   100   105   101   105	123 H.75 353 14.93 80 14.93 15.5 955 160 14.88 11.75 160 14.88 11.75 161 14.75 162 14.75 163 14.75 163 14.75 163 14.75 164 14.75 165 14.75									
"Shorts" (Lives up to Five Years)  924   974   Entender De 19021   992   +2   1169   1438    93   944   Inessey 11/0/2/9812   982   +2   1173   1472    952   953   Tressay 96 1991   962   +3   1612   1448    954   914   Each, 84 or 1981   962   +3   1612   1448    951   952   Each, 84 or 1981   953   +3   1612   1448    951   952   Each, 850   1981   953   +3   1512    968   952   Each, 850   1981   985   -3   1512    968   952   Each, 123 or 1981   973   +3   1164   1439    969   969   969   10   10   10   10    960   960   960   10   10    960   960   10   10   10    960   960   10   10   10    960   960   10   10    960   960   10   10    960   960   10   10    960   960   10   10    960   960   10   10    960   10   10   10    960   10   10   10    960   10   10   10    960   10    960   10	95   842   Do. 125c. Use. La. 1992   91     14  FOREIGN BONDS & RA  1990   Pritz   + or 15t. %  Fight Law   Stack   E   - Gross  77   43   Gorden access Ref.   77	14.65 29 14.55 21 14.55 21 14.55 3 14.55 25 14.5 25 14.5 28 14.6 225 14.6 225									
834 225 Tressury 3c; 8224 855 33 9 10.48 10.09 954 10.09 954 11.00	98 75 Chilean Mixed — 98 — 58 42 Chinese 40-pc 1898 42 — 45 32 Do. 5pc 1912 — 32 — 24 118 Do. 5pc 1913 — 24 17-2 Do. 5pc 1913 — 23 — 35 28 <sup>1</sup> -2 Greek 7pc Ass. — 30 — 32 35 31 Do. c28 Szh. Ass. — 31 — 6 34 30 Do. 4 Mbad Ass. — 30 — 4	3.59 190 - 133 - 78 - 140 - 76 11.66 86 9.68 150 6.73 338 5.30 40 13.80 176									
95. 904	53 51 https://dx.ss	1575   1575									
Five to Fifteen Years  97-8   90-8   Each, 124-ac 1965   945-8   -15-13.01   13.78  874   79-8   Inexamy Rear 94-8641   102-9   17-14   102-9   17-14   102-9   17-14   102-9   17-14   102-9   12.74  76-5   70-8   Funding 64-ac 85-8741   77-14-4   102-9   12.74  67-8   57-9   Transport 3pc 78-88   59-8   11-35	1980 Suck S - Sees	- 72 - 72 - 29 - 29 - 56									
102 91 Each 134 pt 1987 1015 +15 1346 1349 1765 704 Funding 64 pt 285 87 + 75 + 15 4 4 10 29 12 74 667 54 1 188 178 28 17	23°s   16°s   ASA   38.00   38°s   4°s   33.00   38°s   15°s   Abbott Labs.     18°s   18°s   12°s   18°s	- 24 - 14 - 15 - 15 - 16 - 16 - 16 - 16 - 16 - 16 - 16 - 16									
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Over Fifteen Years	23e 15e Croan 261 85 175 1 238 113e 972e Estoo Cro. \$0.50. 105; 12 15 175 129 113e Estoo Cro. \$0.50. 105; 12 15 175 29 25e Exoco   12 12 15 175 29 25e Exoco   12 17 17 17 17 17 17 17 17 17 17 17 17 17	80 94 94 150 94 150 150 158 154 154 154 154 15									
974: 39 ilrassiy 13-ac 975± 984; 4-1 18.09 14.18 825: 745: Exchequer 101-ac 1977 744: 652; ilressiy 81-ac 1977 642: 544; ilressiy 64ac 95-98± 1994; 12.59; 1	431   294   Honeywell \$1.50.   324.21   44   \$2.60   124   712b   Hotton (E. F.) \$1.   104.21   30.5   324.21   44   \$2.60   30.5   324.21   44   \$3.60   30.5   324.21   44   \$3.60   325.25	1 1 2 3 3 3 4 5 1 5 2 5 1 5 4 5 1 5 2 5 7 4 5 1 5 2 5 7 4 5 1 5 2 5 7 4 5 1 5 2 5 7 4 5 1 5 2 5 7 4 5 1 5 2 5 7 4 5 1 5 2 5 7 4 5 1 5 2 5 7 4 5 1 5 2 5 7 4 5 1 5 2 5 7 4 5 1 5 2 5 7 4 5 1 5 2 5 7 4 5 1 5 2 5 7 5 5 7 7 5 5 7 7 5 5 7 7 5 5 7 7 5 5 7 7 5 5 7 7 5 5 7 7 5 5 7 7 5 5 7 7 5 5 7 7 5 5 7 7 5 5 7 7 5 5 7 7 5 5 7 7 5 5 7 7 5 5 7 7 5 5 7 7 5 5 7 7 7 5 7 7 7 5 7 7 7 5 7 7 7 5 7 7 7 5 7 7 7 5 7 7 7 5 7 7 7 5 7 7 7 5 7 7 7 5 7 7 7 7 5 7 7 7 7 5 7									
90°s 78°s (Treasury 11) or '01-04 85°s 1+1, 13.78 13.88 38°s 134°s [Funding 31, pr. '99-04 37°s 1+1, 9.62 11.15 95°s 86°s [Treasury 12°s 20° 103-15] 90°s 1+1, 13.92 13.97	11	- 61 - 210 159 159 155 - 47 163 - 63 - 63 - 44 - 43 - 43									
905 804 [Treastry 1130c 03-07. 894 ++2 1131 11307 525 483 (Treastry 1130c 03-07. 511 ++4 12.07 1120 506 422 [Treastry Flor 12-121 484 ++1 12-66 12-75 944 354 [Exch. 120c 13-17 899 at ++2 13.39] 13.40 Undated	271 <sub>9</sub> 201 <sub>9</sub> (Rockwell (art. St. 22%) -1, \$2.80 375) 2249 (Saul (R. F.) \$1. 3159 +7 -32 32 225, Shell Oil \$1. 2859 +7 \$2.80 4579 2259 (Shell Oil \$1. 3550 -3 49c 262, 185, Spery Corp. \$0.50 195, -1, \$1.55	- 55 III									
195 Consols 27-pc 200-pc 200-p	154   125   Da. 175   La. 5t. 945   130   197   115   176   116   117   130   117   130	44.055.80 17.15.13.80 18.25.15.15.15.15.15.15.15.15.15.15.15.15.15									
86.   78   5pc Stock 77-82   85/2     5.85   32.74    CORPORATION LOANS  90   85%   88th 111 apc 1985   931 and   12.68   14.29   98%   899   88th 133 pc 1981   98%   13.98   15.99   98%   90   8urtley 13pc 1987   95%   13.98	29% 21% (Zapata Corp. ST) 24% 14% 48c   16% 111% (Zapata Corp. 25c) 14% 14% 14% 48c   16% 111% (Zapata Corp. 25c) 29% 145   15.52   11.5 (270) (88c) (885) (88c) (835) (885	- 134 118 - 522 225 - 15 100 6620 - 57 215 - 81 35 - 86 63									
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138   130   Mayouards   130   -2   77.5   248   627   57.5   248   627   57.5   248   627   57.5   248   627   57.5   248   627   57.5   248   627   57.5   248   627   57.5   248   627   57.5   248   627   57.5   248   2	110   64   E.R.F. (Hilles.)   64     124   9.2   7.6   1.4   41   32   liscots (J. 1) 20p   32     22.1   1.3   9.4   22.2   45   25   Fodests (50p)   35   42   9.5     10.7   37b   26b   land (Sesso Fris. ) 29   -1   1.07   6   5.5   6   9.2   4   Peak invests. 10p   5     -2   232   193   Live Shipping   232ad   7.5   2.7   4.6   (9.0)   198   153   Plactors   182ad   17.25   4.8   5.7   4.6   225   200   Man. Liner 2p   210	176   Gen. Scotisk   91/2   +11/2   5.0   7.8   \$\infty\$   500   320   Mercks Pet. 10cs   126   99   Ges. States 12/2   1184   -2   12.9   13   3.8   28   5   500   315   Do. Pitt. Ord. 10c   100   112   Globe Inc   127/2   -12   31.45   1.3   4.5   24.8   149   91   Woodside ASOC   128   129   128   128   129   128   12	25   14   Amal Nigeria lp   15   -1   16.0       15   TRADERS   345   255   Ayer Hitam SML   270   +5   ±1290c  0.9   ±
12	80 68   Abbey Parets 80	113 88 Gt. North'n Inv . 100	58
148 104 Neat Croves 105 123 +2 107 - 0.8 - 111 124 Neates 105 123 +2 107 - 0.8 - 111 124 Neates 105 125 125 10 127 1150 115 116 98 Neates 105 115 12 12 11 150 115 116 116 115 115 115 115 115 115 115	59    43   Bluemel Bros.	1000 <sub>2</sub>   825,    Hill (Philip)   88st   +1   55.5   \$   \$   \$   \$   \$   \$   \$   \$   \$	97    +1    15.03   2.1    7.4    57    15    122    2.5
57/2 19 10 Novic Secs. 100 10 12 12 12/17/17/5 19 10 Novic Secs. 100 10 12 12 12/17/17/5 180 656 60e Finance Cv. 572 97% 363 36/17/1 265 221 0ffice & Elect. 260 65 55 36 36/17/1 24 14 0cessence 12/5 16 036 4 10/7 4	276   1389   Fight Refreeling   275	1655 83   Lardine Japan.   106   +\2   1.2   1.8   1.746.1   14   15   Larraica Sugar.   Larrine Sc. HiG5   72   -2   t065c   1.2   7.3   13.3   110   78   Larraica Sugar.   106   199	11
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895 655; Reed Exec. 10p 655; 4: 45 3.9 9.8 3.2 Reed jult 51 1.756 413 13.0 4 11.1 4 1012 655; Reelyon PSWS 680; +1 104. 2.23 10.1 6.1 100 897; Reesons Inc. Y50. 95 0296 4 2.8 4 666 40 Remove Inc. Y50. 95 15.0 4.7 10.0 (2.4 6.7 10.0) 772 84 Restons 96 15.0 5.4 43	50   38   Lookers   38     385   4.414.5   19   99   38   Alkiers Bros.   43   42   4.65   6   16.66   6   125   286   1	76   86   Moorside Trust   197     6.0   1.0( 8.5(16.5)	55   43   Q18c   1.3 7.5   "net" distribution hasts, expanses per share being constanted on profit after taxation and convenienced ACT where applicable; bracketed figures indicate 10 per out or more difference if calculated on "net" distribution. Covers are based on "maximum" distribution; this compares gross divident casts to profit after the compares gross divident casts to profit after
49 36 Renotore 36 104.01 2417.5(2.7) 374 320 Ricardon 388 77.0 3.9 2.9 9.8 56 43 Riley (E. J.) 10a 47a4 +2 35 2110.6 6.3 39 30 Ricet barkson 10a 32a 1 10 4 45.4 317: 81 60 Ropaer Hidgs 72 -1 13.2 2.9 6.3 7.7 81 60 Ropaer Hidgs 772 -1 13.2 2.9 6.3 7.7	10   -  20   -  54   34   Brit. Mohair	531 <sub>2</sub> 401 <sub>2</sub> Interrar Catebraian 451 <sub>2</sub>	O Battiglacesh  1. 292
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44 355; Sears Hidgs 380; 242 20 3.0 7.4 5.4 110°2 83 Securior 50. 1185; 4-2 1.47 7.7 1.9 8.2 1.08 76 Do. A.P.W. 368 1.47 7.7 1.9 8.2 1.08 76 Do. A.P.W. 168 247 3.5 3.3 9.7 2.1 1.08 76 Do. A.P.W. 168 247 3.5 3.3 9.7 2.7 1.08 76 Do. A.P.W. 168 247 3.5 3.3 9.7 2.7 1.08 76 Do. A.P.W. 168 3.3 3.8 3.8 3.8 3.8 3.8 3.8 3.8 3.8 3.	999 360 do. Corro. 392 +2 10.5 3.3 (3.9)048 22 11 Hornfray. 11	88 170 CAIL & ASSOC, INV 87 1+1 (152-42) 3.11 4.033.6 (16 16 17 17 17 18 18 18 18 18 18 18 18 18 18 18 18 18	INES  Statement.  Cover allows for conversion of shares not now ranking for dividents or restricted dividend.
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92 64 Tather 50 236 4	118   88   Cropper (Asines)   105	392   75   Securities T. Sc   81     48   11   8.5   15.6   133	202 -7 Coles: 17 7.8 1285s -7 (coles: 1-8.0) Abbreviations: at ex dividend; at ex scrip issue; at ex rights; as ex 2124 -7 (coles: 1-8.0) 17 4.9 (coles: 1-8.0) 18 4.0 (coles: 1
10   10   10   10   10   10   10   10	51 39 Georg Gross 10p. 46 -1 3.0 24 8.9 8.5 42 5 Strong long 10r 3 2	10   86   12.5   10.5	627 -13 6510: 1 3.8   REGIONAL MARKEIS - 53612 - 13 16415c: 1 3.8   The following is a selection of London quotations of shares previously 1 334 -10 947c: 1 8.1   Steed only in regional markets. Prices of firsh issues, most of which are 1.85s1s (320c: 1 9.9)   not officially listed in London, are as quoted on the Irish exchange.
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## FINANCIAL TIMES

Wednesday June 4 1980



## **Expulsion** warning to armed diplomats

BY DAVID TONGE

BRITAIN has warned foreign diplomats that it could expell them if they hring weapons into the country.

Mr. Douglas Hurd, Minister of State at the Foreign Office, said in Parliament yesterday that if diplomats import guns or ammunitioo: "We will not hesitate io taking legal action to declare them persona non

He said firearms were not allowed to be carried for personal protection.

His statement follows concern at the way Middle East quarrels have heen fought out on London's streets. In the past two months seven people died in the seizure of the Iranian Emhassy in London— with reports that the guns had been supplied by Iraqi

Four Libyan diplomats were withdrawn following the killing of two Libyan exiles. A bomb caused one Iranian to die in Central London. This weekend an explosion outside the Kuwait Oil Company damaged shops in London's Bond Street.

Iraq and Libya are among couotries suspected by British officials of using their sealed dip-lomatic hags to smuggle explo-sives and weapons into Britain. Mr. Hurd said yesterday: "The governmen cannot tolerate an embassy hecoming a haven from which illegal acts could be devised and from which such acts could be carried out by mischievously disposed

He also insisted that the protection of the 2,500 foreign diplomats in London was the task of the British aulborities.

This task is entrusted to the Diplomatic Protection Group of the British Special Branch. This is adamant about demanding that all emhassy personnel in Britain and all visiting security officers, including the body-guards of Kings and Presidents. should band over their weapons -which they do, though usually

The only Emhassy which has its own armed security staff is that of the United States; the U.S. marines in question act tection Act.

When Dr. Henry Klssinger was here as Foreign Secretary bis own cavalcade of hulletproofed cars was flown in; the British authorities even disarmed the securily guard sitting in the back car whose rear windows had been taken out so that he could use a sub-machine

. A note setting out the situa-tion was first sent to missions in London in 1976, 'A further note was sent in January this year. Most recently, after the siege at the Iranian Embassy in May, a furtber nnte bas been

British MPs suggested electronie scanning of diplomatic bags. There have also been proposals that these bags should be opened in front of a representative of the receiving

British officials tend to resist these suggestions. argue that it is relatively easy to disguise a weapon from a scanner and question whether, under the 1961 Vienna Conventinn on Diplomatic Privileges and Immunities, scanning the bags is permitted.

The concept of diplomatic immunity goes back to the Ancient Greeks. In practice Britain's record is reasonably good, though two events are sometimes cited to prove that in The first was in 1708 when the Russian emissary, Matuoff, was arrested for a civil debt. causing the entire diplomatic corps in London to protest.

The second, systematic spying on diplomatic bags sent in other countries represented at the Sublime Porte in Istanbul, is described in the memoirs of diplomat Lord Hardinge of

## Continued from Page 1

## **MLR**

quirement and therefore to reducing interest rates."

She came under pressure from Mr. James Callaghan, the Opposition Leader, to hring forward from July 16 the allday Cabinet meeting called to discuss economic strategy. But Mrs. Thatcher discounted any idea that a change of policy might result from the meeting.

There was a considerable degree of confusion at Westminster after the exchangea. It was pointed out that the rehate from Brussels would not appear in UK accounts until next spring, the last quarter of this financial year, and that more immediate economic factors would determine a fall in

interest rates. The sharp drop in sterling was in marked contrast lo the pound's strength for most of

## **BNOC** executive quits

poration has lost another top yesterday that Mr. Dick Fowle, ploration, had left to become exploration manager of London

director of the State oil cor-Mr. Morton bas said that his

resignation follows appointment, for top-level appointments at of Mr. Philip Shelbourne, a leading banker, as chairman of

He added that he disagreed with the way the Government portant of made the appointment. Board yesterday.

RACAL, the defence electronics

company, yesterday announced a corporate reorganisation after

its £104m takeover of Decca

Decca's capital goods busi-nesses have heen brought to-gether in a new group called

Racal-Decca. Mr. David Elshury,

a deputy managing director of

Racal, has been named as its chairman and chief executive.

Five Racal directors bave also

joined the board of Decca Ltd.,

Racal-Decca's parent company.

Only one member of the pre-vious Decca hoard, Mr. W. L.

Spalding, has been reappointed. Meanwhile, Tatung, a

electrical and home electronics

advanced stage of discussions on:

acquiriog Decca's loss-making UK television plant, which Racal

If the lalks succeed, this will

be the first European venture operations for the financial for Tatung, which has grown rapidly over the past 10 years He plans to do this chiefly

test agains! Monday's assassina- the local Palestinlan leadership tion attempts on three pro- after the deportation of two

Taiwanese manufacturer

is keen to dispose of.

BY DAVID LENNON

Bank yesterday, called in pro-

The Israell milltary govern-

ment on the West Bank, which

was accused by one of the majors of being responsible for

the attack on him in which he

lost hoth legs, ordered the sol-

diers to force open the sbops.

When they cut the looks on some of the shops the others

opened to avoid reprisals. The

troops also arrested several

local Palestinians accused of

All political factinns on the

tryin gto continue the strike.

BY CHRISTINE MOIR

property company, Strongmead,

is involved in property deals

Group from a tannery concern tn a property investment and

engineering group.
Tebbitt is a public company

whose chairman is Mr. John

Mr. Bentley yesterday dis-

closed details of a series of deals, including the sale of Teb-

bitt's Countess Road tannery

and lbe purchase of two pro-

perty companies, Signgate and

Signgate, a property dealing

group, is being sold by Mr. Colin

Under the purchase

Bray and Henry Street Invest-

arrangements, the two vendors have warranted that Signgate's

Tehbitt is paying £200,000 for

It has told the union it can

only agree to the claim hy

reducing investment and

increasing tariffs beyond already

planned increases. This would

depress demand and strengthen

The eventual settlement will

he important because it is one

hroadcasting,

transmission and servicing

vehicles used by posts and tele-

radio

opposition to the monopoly.

the company, but the final pur-

not less than £325,000.

it is prepared to make.

Bentley.

Queens Gate.

minent Palestinlan Mayors.

Meanwhlle.

this year.

BRITISH NATIONAL OIL Cor- members, he said, had not been Mr. Fowle said yesterday that

he left for different reasons. He the corporation's director of ex-resigned from the corporation

Within the industry it is and Scottish Marine Oll. known that Mr. Fowle, one of The announcement follows BNOC's most experienced oil within days the resignation men, left without making a decision of Mr. Alastair Morton, statement to avoid controversy a board member and managing such as aurrounded Mr. Morton's announced departure.

Mr. Fnwle has some misgivings about Government policy

"I bad been somewhat disappointed that there was not a technical head to a new and important organisation," he said

become Taiwan's second

higgest company. It already has manufacturing facilities in

the U.S., Hong Kong and

the talks with Tatung, though

it said that it bas received

several approaches about the

Decca plant. Racal announced

10 days ago that it was laying

off 300 of the 1,100 employees

at the plant and planned to reduce production, recently

running at 120,000 sets a year.

Decca's remaining record in-

from Racal-Decca. The new

group bas four subsidiaries.

embracing marine radar, navi-

equipment.

systems and electronic warfare

and defence products.

Mr. Elsbury's first priority

of eliminating losses on Decca's

Israeli troops break shop strike

HEAVILY ARMED Israeli West Bank are united in con- In Bethlehem the municipal

troops broke up a shopkeepers' demning the attacks on the council resigned in protest at

as a further altempt to destroy

Units of Israeli soldiers armed

with cluhs and automatic rifles

were patrolled in all West Bank

towns, and placed themselves

of Nablus, insisted yesterday

that the Israelis were respon-

sible for the homb attacks. He

did not restrict his accusations

to extremist Jewish settlers, saving the attacks were carried

out with the connivance of the

Slater plan for Tebbitt Group

MR, JIM SLATER'S private chase price will he reduced if shares for the purchase of

profits fall short of the guaran-

Henry Street Investments' obligations are being guaranteed by Strongmead, wholly

owned hy Mr. Slater since last

Details of Signgate's bistory

September when he bought ou

reveal that when it was set up in January 1976, Strongmead

was the original and equal part-

ner with Mr. Bray, a property

approve the purchase at the

special meeting on June 25,

880,000 shares in Tebbitt-5.7

per cent of the enlarged equity

after the deals have heen

A dispute this year would be

frontation in telecommunica-

for a 35-hour week. This even-

tually resulted in severe dis-

ruption to some telecommuni-

cation links, particularly affect-

tions in the past three years,

hold a similar amount.

Post Office engineers Continued from Page 1

Mr. Bray will receive some

Signgate will pass to Tehhitt.

share orders

Henry Street will

Tebbitt is issuing 5.93m of the acquisition.

surveyor.
If Tebbitt

approved.

Lonrho's interest for £1m.

Mr. Bassam Shaka, the Mayor

prominently on rooftops.

Mayors last month.

will be to meet Racal's target

The television plant, with

bas heen excluded

Racal would not comment on

Racal reorganisation to

follow Decca takeover

BY GUY DE JONQUIERES IN LONDON & RICHARD C. HANSON IN TOKYO

Ironically, Mr. Fowle handed in his resignation shortly hefore the appointment of Mr. Malcolm Ford, formerly deputy managing director of Shell UK Ex-ploration and Production, as a

managing director of BNOC. "I decided to move for the sake of my career," said Mr. Fowle. "LASMO is much smaller than BNOC. However, it is financially strong, with a great will to explore.

London and Scottish Marine Oil, which has a stake in a oumber of oil and gas dis-coveries, including the hig Niniao Field now on stream, has announced that it plans to join several consortia to hid for new exploration licences in the sevnth round of Government

with stricter financial controls

group was likely to double last

year's sales during the current

financial year, reaching the

£500m target set by Mr. Ernie

Harrison, its chairman. More than £100m was expected from

It denied discovering any "skeletons" in Decca's cup-

board since the takeover was

completed, saying it had been

able to confirm stalements or

Decca's former management

order book for electronic war-

fare systems and expected

much more husinesses over the

Mr. Harrison said many

urgent and difficult problems

still had to he resolved in the

Decca husinesses, hut he believed the new group faced

the recent attacks on their col-

leagues at what was described

as an Israeli policy of repres-

Mayors met in Ramallah yester-

day to discuss how they should

respond to this latest increase

of violence between Israelis and

they were continuing their search for the bombers.

Unofficially they said the "high

professional level" nf the bombers led them to believe

that the attacks had been the

West Bank hlames Israel.

Page 4

Signgateand Queens Gate, of which 4.8m or so will be placed with "investment clients"

hy Singer and Friendlander, the

Bentley's personal stake in Tebbitt will be diluted from

The deal marks the reunion

of two of the more colourful

City figures of the early 1970s, Mr. Slater's financial services

group, Slater Walker, which

collapsed in 1974, once held 12 per cent of Barclay Securities,

Mr. Bentley's industrial invest-

ment group. Slater Walker

advised Barclay when it was sold in 1973 for £18.5m to the

ill-fated Vavasseur hanking and

financial service company. Like Slater Walker, Vavasseur

hecame caught up in the second-

ary banking crisis within a year

20.83 per cent to 12.9 per cent.

As a result of the issues, Mr.

hank advising Tebbitt.

work of Jewish extremists.

Israeli military officials said

next few years.

exciting prospects.

the Decca operations.

Racal

said the enlarged

drilling concessions. It hopes to be the operatorthe lead company-in at least

The company announced that as part of its management reorganisation Mr. Terry Stevens, previously exploration and production manager, had become manager of production and

operations. The loss of both Mr. Morton and Mr. Fowle to BNOC comes as a double blow to both corporation and Government. Both men have ben with BNOC for

most of its existence. When Mr. Fowle joined from Burmah Oil in 1977, the State corporation's exploration de partment had only 30 setaff. Today it has about 200.

#### Brazil deficit doubles

BRAZIL'S financial troubles were starkly underlined yesterday when, after mouths of delay, the Central Bank here revealed that the country's deficit on the current account of its balance of payments virtually doubled in 1979 to \$10.47bp.

This compares with a deficit of \$5.4bn in 1978.

The basic halance of pay-ments, which includes capital movements, swing into a deficit of \$3.2hn last year after a surplna of \$3.8bn in 1978.

The only apparent hright spot in last year's figures was a substantial increase in new foreign investment, up from \$1.6bn in 1978 to \$2.4bn. The figures starkly llinstrate the problems with

which the Brazilian economy began the year, and which have worsened in the first half. At the end of 1979, the trade deficit stood at \$2.7hn, and the services deficit at

With estimates for year-end Inflation veering between 80 and 90 per cent, and a trade account \$1.82bn in deficit hy the end of April, there are signs that the authorities will fell compelled to devise stricter measures to control the problem.

Hugh O'Sbaughnessy writes: The Brazilian government is showings increasing signs of anxiety over the balance of payments situation. Last yea capital inflows in the form of new loans from abroad dipped substantially from \$13.6hn in 1978 to \$11.7bn. And as oll prices on the international market continue to rise, it appears increasingly nnlikely that the government will achieve its objective of balancing the visible trade account this year at \$20bn. Brazil is obliged to import more than 85 per cent of its

oil needs. The country faces growing pressure from its trading partners to dismantle its harriers to imports. Last month Mr. John Nott, the Trade Miniser, gave Brazil notice that Britain for one would he seeking action by the EEC if Brazilian import controls were not lowered within a few months.

## Weather

CLOUDY with some rain in the north and west: elsewhere sunny and very warm. N., S. and E. England, Channel

Islands Mainly dry and sunny after arly mist. Max 23C (73F). early mist. Max z. Elsewhere

Cloudy with some rain and sunny intervals sheltered areas. Max. 16C (61F). Outlook: Some thundery rain in W. and N., heading east, Temperatures near normal.

WORLDWIDE

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#### A chance remark hy the Prime Minister hinting at lower interest rates knocked three cents off sterling yesterday-a sharp reminder that the currency markets are bighly unstable, and that money does

not come to London just hecause of the North Sea. Reed International

After last quarter profits of £19.9m pre-tax, against £15.1m—the difference being almost entirely accounted for by a lower interest charge—Reed International's profits for the year to March work out at £99.9m, up from £83.4m in 1978-79. The last quarter would have shown a more pronounced improvement but for £6m of rationalisation costs in the decorative products division, taken ahove the line, and Reed itself is clearly happy with the the share price, which had figures since it has raised the hetrayed signs of nervousness net dividend from 8p to 13p. on Monday, rebounded 25p to the level from which it was 645p, or more than double the

reduced two years ago. Although the Canadian paper business is still going very well, and the group's interest charge abould again show a fall in the current year, trading conditions in general are unlikely to he easy. Demand for packaging has fallen unite sharply, while the noises emerging from the build-lng materials sector have been very gloomy, and Reed's magazines, when they return fro mthe recent dispute, are likely to find that the advertis-ing market has weakened considerably. It is easy to imagine that pre-tax profits before any exceptional costs would below £90m in 1980-81.

Still, Reed's withdrawal from the most cyclical paper activities and the transformation of its halance sheet—net deht had fallen to 34 per cent of tangible sharebolders' funds, having been puahing 200 per cent a few years ago-leave it in good shape to weather a weakening of activity. Last year's CCA earnings, although flattered hy a low tax charge, covered the dividend more than twice, but the stock market. with its long and suspicious memory, still values the shares very cautiously. At 176p, up 13p, the yield is 11.1 per cent and the prospective p/e below 5 on a full tax charge.

#### De La Rue

Few enough UK companies have a dominant world presence in a single product: De La Rue has managed to establish such a position in two - security printing and colour scanning Index rose 7.3 to 420.0

its recovery

THE LEX COLUMN

Reed completes

RUBBER -SPOT MD.1 858

of the company accordingly. After yesterday's buoyant results

Adding back the £2m of profifs on repurchased stock to reach a comparable figure, pre-tax profits bave risen by 45 per cent to £38.5m. The underlying volume of bank note sales rose by about 6 per cent once the effect of the 1978-79 Gatesbead striker taken into account-and this performance should be bettered in the current year with maintained margins. The success of the 550 and 570 Magnascan ranges has pushed upthe comparable contribution from Crosfield Electronics by 41 per cent at the trading level, although tougher trading conditions are likely to squeeze margins in the current year.

So in a more difficult climate profits should emerge in the region of £42m - an effective increase of 15 per cent—to produce a prospective p/e of about 12, fully-taxed. Meanwhile, the cash is mounting up —the net surplus rose hy three-quarters last year to £30m. But memories of Potterion still lively, the company is taking its time on acquisitions.

terms for the nationalisation of its shiphuilding and aerospace. Malasianisation talks drag on hard assets and the disposal of its without any apparent sign, of husiness machines division have progress, and elsewhere in the hoth become a matter of some urgency. Pre-interest profits last hovers at a share price of 712p year were only enough to cover in the absence of any further the interest charge 11 times: the dividend is not quite after the April proxy battle with covered on an historic cost basis. Sime Darby. Both shares look data.

equipment — and the stock However the group is con-market has adjusted its rating fident that the disposal will be cation.

and is hopeful that compensation will be agreed within the next few months. In that case the picture would be trans-

Gross capital employed December was £277m. That cluded £36m for nationalised assets, producing no income and around £35m for the business machines, which made a loss last year. In addition there was around £30m of cap tal employed in Australia which should move from break even into profits during 1920 and another £30m in investment properties which should aim start to produce decent return in the next year or two. There-is at least a chance that the next halance sheet will show ne worth of around floor relatively low financial gearing and the prospect of an almost respectable return on capital employed. The current market capitalisation is £48m at 109in.

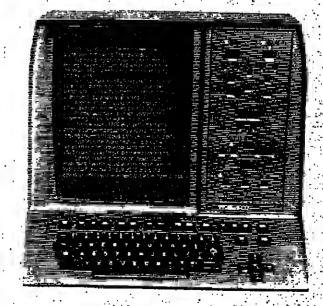
#### Harrisons & Crosfield The results from Harrisons

and Crosfield are mildly dis appointing-pre-tax profits are 11 per cent higher at £58.40 pre-tax for the full year after in 19 per cent half-time gain—but the group is talking in relatively the plantations side, where pre interest profits improved from £27.7m to £29.5m in 1979, comdistinct turn for the worse ahead of the threatened world recession. Yet during the first quarter prices at times reached very favourable levels which H and C will have taken; advantage of and indeed its apparent confidence suggests that part of its crops have been high prices: Moreover volumes are likely to recover in the absence of the drought that affected 1979 production-

Elsewhere H and C expresse concern about the trend in UK chemicals, hit hy weak demand and squeezed export-margins, while the interest charge has risen anarply. Still, the dividend and the share price was stable Vickers' accounts show that yesterday at 712p to yield a

sector Guthrie Corporation also developments from the East and there is no current cost fairly expensive, but have obvious appear for UK investors seeking high quality diversifi-

## Word, document, record, list and number processing for the price of just plain word processing. The new Vydec 1800



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Sales and Service: Inicugnout the United R

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of the last in the public sector overseas calls and those in this wage round. It could made hy the Stock Exchange. affect claims at the beginning of Last year computer operators the next round. halted the dispatch of telephone The unlon, with 126,000 bills. This cost the Post Office engineers and technicians, nper- £92m in interest for extra borates on a range of services rowing to cover the damage to apart from telephones. These include outside television and

telex discussing this year's wage rise

services, data and facsimile on the basis of about 23 per-

Union negntiators have been

cent, based on the retail price

index ingether with 4 per cent

offer worth 17 per cent, includ- Past industrial action has lng 2 per cent for productivity, tended to he cumulative as basic claim to 30 per cent and which it says is the maximum transmission lines break down. replaced the productivily figure with s demand of 7 per cent for the third major industrial conworking with new equipment, The unioo executive appealed to conference that 37 per cent Two years ago, the union took

was totally unrealistic but deleselective action over a claim gates rejected this advice. The Post Office can draw some comfori from the narrowness of the vote -63,000 to 61,000. The union is co-ordinating plaoned action with the Society

of Post Office Executives, representing supervisors which has turned down a similar offer to that made to the engineers. Both unions have been angered by restructuring proposals which they say will improve the relative position of some groups, particularly junior executives,

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at the expense of engineers Engineers' basic pay, excluding

London weighting, ranges from